

AGENDA
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Thursday, January 09, 2014

SUBJECT	DESCRIPTION	PRESENTER
	Welcome and Introductions	Chairman Bair
	Rules Process and Distribution of Rules for Review	Vice-Chairman Guthrie
	Invitation to ISDA Legislative Briefing, January 16, 2014	Chairman Bair

COMMITTEE MEMBERS

Chairman Bair

Vice Chairman Guthrie

Sen Brackett

Sen Tippetts

Sen Rice

Sen Nonini(Nonini)

Sen Patrick

Sen Buckner-Webb

Sen Ward-Engelking

COMMITTEE SECRETARY

Denise McNeil

Room: WW31

Phone: 332-1330

email: sagri@senate.idaho.gov

MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, January 09, 2014

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippetts, Rice, Nonini (Nonini), Patrick, Buckner-Webb, Ward-Engelking

ABSENT/ EXCUSED:

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Bair** called the meeting to order at 8:02 a.m.

Chairman Bair welcomed everyone to the first meeting of the 2014 Agricultural Affairs Committee (Committee). He welcomed our two new members: Senator Cathyanne Nonini, substituting for her husband, Senator Bob Nonini, and Senator Ward-Engelking. He asked each Committee Member to introduce themselves and talk briefly about their background. He then introduced our new Committee Page; **Jacob Price**, who spoke briefly about himself, and welcomed back Committee Secretary, Denise McNeil. **Chairman Bair** announced that all Committee members have been invited to the Idaho State Department of Agriculture (ISDA) annual briefing and breakfast on January 16, 2014. The invitation will be forwarded to each Committee member and they should RSVP to the secretary. This event will be in lieu of our regular Committee meeting on that same day.

PASSING THE GAVEL: Chairman Bair passed the gavel to **Vice Chairman Guthrie** who discussed the rules review process. He called attention to the assignments of specific rules to each of the Committee members. A copy of the summary list of the rules, which includes the presenters and their contact information, will be provided by the secretary. Any questions regarding any of the rules and specifically their assignments, can be answered by that contact person. He encouraged the Committee members to let him know if they had any special interest in a particular rule or no interest in their assigned rule, so they could discuss possible changes. **Vice Chairman Guthrie** set the 14th and 21st of January to review these rules in Committee. There being no questions from the Committee, Vice Chairman Guthrie passed the gavel back to Chairman Bair.

Chairman Bair brought attention to Pending Rule 02.0623.1301, Noxious Weed Free Gravel and Rock Products Rules, and asked each Committee Member to pay particularly close attention to this rule and contact him with any questions. This Rule will be discussed in greater detail at the Committee meeting scheduled for January 21, 2014.

ADJOURNED: There being no further business, **Chairman Bair** adjourned the meeting at 8:15 a.m.

Senator Bair
Chairman

Denise McNeil
Secretary

AGENDA
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Tuesday, January 14, 2014

SUBJECT	DESCRIPTION	PRESENTER
MINUTES:	Minutes from January 9, 2014	Chairman Bair
02-0214-1302	Rules for Weights and Measures	Kevin Merritt
02-0303-1301	Rules Governing Pesticide and Chemigation Use and Application	Ben Miller
02-0303-1302	Rules Governing Pesticide and Chemigation Use and Application	Ben Miller
02-0419-1301	Rules Governing Domestic Cervidae	Scott Leibsle
02-0421-1301	Rule Governing Importation of Animals	Scott Leibsle
02-0420-1301	Rules Governing Brucellosis	Bill Barton
02-0602-1301	Rules Pertaining to the Idaho Commercial Feed Law	Katie Mink
02-0612-1301	Rules Pertaining to the Idaho Fertilizer Law	Katie Mink
02-0641-1301	Rules Pertaining to the Idaho Soil and Plant Amendment Act of 2001	Katie Mink
02-0613-1301	Rules Relating to Rapeseed Production and Establishment of Rapeseed Districts in the State of Idaho	Mike Cooper
02-0622-1301	Noxious Weed Rules	Matt Voile

COMMITTEE MEMBERS

Chairman Bair
Vice Chairman Guthrie
Sen Brackett
Sen Tippetts
Sen Rice

Sen Nonini(Nonini)
Sen Patrick
Sen Buckner-Webb
Sen Ward-Engelking

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MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Tuesday, January 14, 2014

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippetts, Rice, Nonini(Nonini), Patrick, Buckner-Webb, Ward-Engelking

**ABSENT/
EXCUSED:**

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Bair** called the meeting to order at 8:01 a.m.

MINUTES: The minutes for January 9, 2014, were presented to the Committee for approval.

MOTION: **Senator Nonini** moved, seconded by **Senator Brackett** to approve the minutes from January 9, 2014. The motion was carried by **voice vote**.

DOCKET NO. 02-0214-1302 **Chairman Bair** introduced **Kevin Merritt**, Section Manager, Bureau of Weights and Measures, Idaho State Department of Agriculture (ISDA), who presented **Docket No. 02-0214-1302**, Rules for Weights and Measures, a rule adopted by ISDA pending final approval of the 2014 Idaho State Legislature. This rule is to incorporate by reference the 2014 edition of the National Institute of Standards and Technology Handbook 44, Specification, Tolerances, and other Technical Requirements for Weighing and Measuring Devices. Kevin Merritt stood for questions.

Chairman Bair asked if there were any significant procedural changes between the 2013 and 2014 edition. **Kevin Merritt** responded that there were 23 amendments to this specific edition. The majority of changes were minimal and were amendments to the handbook and general housekeeping items. There were some significant changes to conveyor belts scale code which does not apply to Idaho.

MOTION: **Senator Buckner-Webb** moved, seconded by **Senator Tippetts** to adopt **Docket No. 02-0214-1302**. The motion was carried by **voice vote**.

PASSED THE GAVEL: Chairman Bair passed the gavel to Vice Chairman Guthrie to continue with the rules review.

DOCKET NO. 02-0303-1301 **Vice Chairman Guthrie** introduced **Ben Miller**, Bureau Chief, Agriculture Resources Division, ISDA, who presented **Docket No. 02-0303-1301**, Rules Governing Pesticide and Chemigation Use and Application, a rule adopted by ISDA pending final approval of the 2014 Idaho State Legislature. New language has been added to this rule to clarify the ISDA policy regarding pesticide licensing exam scores and recertification credits being valid for one year, and to avoid any conflicting information. This will assure that licensed applicators can stay informed of all the new requirements for the pesticide products they are using, and stay updated on the federal changes and requirements, especially when they are dealing with the restricted use pesticides. Changes to Sections 02.03.03.100.02 and 02.03.03.100.03 will allow for a one year time period for new or renewing licensees to obtain an applicator license without penalty. These revisions will also

provide a cut-off time for inactive licensees to renew their licenses before they will be required to retest. Ben Miller stood for questions.

MOTION: **Senator Ward-Engelking** moved, seconded by **Chairman Bair** to adopt **Docket No. 02-0303-1301**. The motion was carried by **voice vote**.

DOCKET NO. 02-0303-1302 **Vice Chairman Guthrie** introduced **Ben Miller**, Bureau Chief, Agriculture Resources Division, ISDA, who presented **Docket No. 02-0303-1302**, Rules Governing Pesticide and Chemigation Use and Application, a rule adopted by ISDA pending final approval of the 2014 Idaho State Legislature. Section 02.03.03.800 is being amended to allow pesticide use on eight new seed crops without the need for an established residue tolerance. This allows Idaho's and Washington's seed crop list to be essentially the same. Seed crops that are included in the Seed Crop Rule are grown for reproductive purposes only and cannot be used for food or feed. This is why they get the exemption for these tolerances. Ben Miller stood for questions.

Vice Chairman Guthrie welcomed **Roger Batt**, President of the Idaho Seed Pesticide Council, who spoke in support of this rule. Roger Batt stood for questions.

MOTION: **Senator Tippetts** moved, seconded by **Senator Buckner-Webb** to adopt **Docket No. 02-0303-1302**. The motion was carried by **voice vote**.

DOCKET NO. 02-0419-1301 **Vice Chairman Guthrie** introduced **Scott Leibsle**, DVM - Deputy, VMO, Bureau Chief, Animal Industries Division, ISDA, who presented **Docket No. 02-0419-1301**, Rules Governing Domestic Cervidae, a rule adopted by ISDA pending final approval of the 2014 Idaho State Legislature. This rule change stems from a federal program that was implemented in December 2012, known as the National Chronic Wasting Disease (CWD) Herd Certification Program (HCP). This program mandated surveillance and testing requirements for all domestic cervidae that are exported out of the State. The forms of identification in this federal program are more specific than the current rules in Idaho require. These changes to this rule specify those specific forms of identification that are allowable, making this consistent with the federal program and alleviate confusion among the producers. Scott Leibsle stood for questions.

MOTION: **Senator Nonini** moved, seconded by **Chairman Bair** to adopt **Docket no. 02-0419-1301**. The motion was carried by **voice vote**.

DOCKET NO. 02-0421-1301 **Vice Chairman Guthrie** introduced **Scott Leibsle**, DVM - Deputy, VMO, Bureau Chief, Animal Industries Division, ISDA, who presented **Docket No. 02-0421-1301**, Rules Governing Importation of Animals, a rule adopted by ISDA pending final approval of the 2014 Idaho State Legislature. There are two new changes being made to this rule.

Section 600 is being amended to establish consistency with the National (CWD) Herd Certification Program (HCP) implemented in December of 2012, and states that anyone wishing to import cervidae into Idaho must participate fully in the HCP to qualify.

Subsection 300.03 and 300.04 are being amended to more specifically define equine infectious anemia (EIA) import testing (Coggins test) requirements for horses destined for slaughter. The existing rule allows slaughter horse imports without an EIA test, but does not specify when the animals must go to slaughter. The new rule requires that a horse imported into Idaho for slaughter purposes be sent to slaughter within sixty days. This change assures that the animal that did come into the State ends up at slaughter, and on the chance that a horse did turn up positive for EIA limited the amount of potential exposure this animal would have to other animals. These untested animals are kept separate from other livestock. Scott Leibsle stood for questions.

Vice Chairman Guthrie asked how this will be tracked or enforced. **Scott Leibsle** answered that ISDA field staff will be in charge of the inspections of the facilities. The tracking and enforcing will be by a record search on a routine inspection or based on a complaint.

MOTION: **Chairman Bair** moved, seconded by **Senator Brackett** to adopt **Docket No. 02-0421-1301**. The motion was carried by **voice vote**.

DOCKET NO. 02-0420-1301 **Vice Chairman Guthrie** introduced **Bill Barton**, DVM, Administrator/State Veterinary, Animal Industries Division, ISDA, who presented **Docket No. 02-0420-1301** Rules Governing Brucellosis, a rule adopted by ISDA pending final approval of the 2014 Idaho State Legislature. Changes add the requirement for producers moving test-eligible cattle (defined as all intact cattle 18-months of age and older) outside of the Designated Surveillance Area (DSA) to acquire a permit for movement of those animals at least 24-hours prior to movement. This rule will allow ISDA to provide better surveillance of the cattle that are at the greatest risk of exposure to brucellosis-infected wildlife (elk and bison) residing in the Greater Yellowstone Area and should further minimize the possibility that those cattle are sold without proper disease testing prior to sale.

Bill Barton further explained that since Idaho, Montana, and Wyoming are at risk of having their cattle becoming infected, Montana and Wyoming have implemented a brand inspection process tied to their animal health bureau. Producers cannot move livestock from the DSA without this inspection process completed. This assures the appropriate testing is conducted. Several of Idaho's trading partner states, specifically North Dakota, South Dakota and Texas, have implemented testing requirements on all Idaho cattle prior to import into their states, and numerous other states were posed to do the same thing. It was necessary for ISDA to implement an enhanced process of ensuring the testing had been conducted so that the other states would most likely forgo implementing movement restrictions on Idaho cattle. This keeps our markets open. **Bill Barton** stood for questions.

MOTION: **Senator Brackett** moved, seconded by **Senator Nonini** to adopt **Docket No. 02-0420-1301**. The motion was carried by **voice vote**.

**DOCKET NO.
02-0602-1301**

Vice Chairman Guthrie introduced **Katie Mink**, Section Manager, Commercial Feed, Fertilizer and Seed Programs, IFQAL, ISDA who presented **Docket No. 02-0602-1301**, Rules Pertaining to the Idaho Commercial Feed Law, a rule adopted by ISDA pending final approval of the 2014 Idaho State Legislature. This rule incorporates by reference information and updates contained in the 2014 Official Publication of the Association of American Feed Control Officials (AAFCO) as they pertain to the conducting regulatory commercial feed registration and label review and where they don't differ from ISDA specific rules. This assures the ISDA as well as industry members who register feed products within the State that the most current terms, ingredients, definitions and policies, as voted on and approved by AAFCO members, are being used. Katie Mink stood for questions.

Chairman Bair asked if there were any significant changes between the 2013 and 2014 AAFCO editions. **Katie Mink** answered that there are no significant changes, that she had a list, with many moving from tentative to official. There are some policy changes as well, but nothing significant that would affect the way they are regulating.

MOTION:

Senator Patrick moved, seconded by **Chairman Bair** to adopt **Docket No. 02-0602-1301**. The motion was carried by **voice vote**.

**DOCKET NO.
02-0612-1301**

Vice Chairman Guthrie introduced **Katie Mink**, Section Manager, Commercial Feed, Fertilizer and Seed Programs, IFQAL, ISDA who presented **Docket No. 02-0612-1301**, Rules Pertaining to the Idaho Fertilizer Law, a rule adopted by ISDA pending final approval of the 2014 Idaho State Legislature. This rule incorporates by reference information and updates contained in the 2014 Official Publication of the Association of American Plant Food Control Officials (AAPCO) as they pertain to the conducting regulatory fertilizer registration and label review and where they don't differ from ISDA specific rules. This updating of incorporation by reference assures that regulation is based on the most current definitions, terms and policies, as voted on and approved by AAPCO members. Katie Mink stood for questions.

Chairman Bair asked if there were any significant changes between the 2013 and 2014 editions. **Katie Mink** answered that she does not have the list at this time, and that these changes were just voted on by the AAPCO members (they are voting members), and there were no significant changes.

MOTION:

Senator Patrick moved, seconded by **Senator Rice** to adopt **Docket No. 02-0612-1301**. The motion was carried by **voice vote**.

**DOCKET NO.
02-0641-1301**

Vice Chairman Guthrie introduced **Katie Mink**, Section Manager, Commercial Feed, Fertilizer and Seed Programs, IFQAL, ISDA who presented **Docket No. 02-0641-1301**, Rules Pertaining to the Idaho Soil and Plant Amendment Act of 2001, a rule adopted by ISDA pending final approval of the 2014 Idaho State Legislature. This rule incorporates by reference information and updates contained in the 2014 Official Publication of the Association of American Plant Food Control Officials (AAPCO) as they pertain to conducting regulatory soil and plant amendment registration and label review and where they don't differ from ISDA specific rules. This updating of incorporation by reference assures that regulation is done using the most current definitions, ingredients, terms and policies, as voted on and approved by AAPCO members. Katie Mink stood for questions.

Chairman Bair asked if there were any significant changes between the 2013 and 2014 editions. **Katie Mink** answered that she would be happy to get the list to Chairman Bair as soon as it comes out.

MOTION: **Senator Tippetts** moved, seconded by **Senator Ward-Engelking** to adopt **Docket No. 02-0641-1301**. The motion was carried by **voice vote**.

DOCKET NO. 02-0613-1301 **Vice Chairman Guthrie** introduced **Mike Cooper**, Bureau Chief, Plant Industries Division, ISDA, who presented **Docket No. 02-0613-1301**, a rule adopted by ISDA pending final approval of the 2014 Idaho State Legislature. These proposed changes would consolidate the various growing districts into two districts. As the growing of industrial rapeseed has diminished over the years (only one left in Idaho up in the Moscow area) this change reflects the current status and practice of growing edible and industrial rapeseed in Idaho.

District I allows for the growing of edible rapeseed in that area. It also allows for the growing of industrial rapeseed, but proper notice must be given to surrounding neighbors and suitable distances between the crops are met which are specified in the changes. District II preserves the prohibition on growing industrial rapeseed within the specified areas per these changes. This keeps the industrial rapeseed from cross-pollinating with the other crops growing in these areas. Mike Cooper stood for questions.

Referring to Section 100, Restrictions, Subsection 03.a.i, **Chairman Bair** asked if the written approvals need to be filed with the ISDA or if the grower keeps these in his files. **Mike Cooper** said these are to be kept on file with the grower as these are for his protection. The department has not required these to be filed with them.

Vice Chairman Guthrie welcomed **Roger Batt**, Executive Director of the Idaho Eastern Oregon Seed Association, who spoke in support of this rule. Roger Batt stood for questions.

MOTION: **Senator Buckner-Webb** moved, seconded by **Chairman Bair** to adopt **Docket No. 02-0613-1301**. The motion was carried by **voice vote**.

DOCKET NO. 02-0622-1301 **Vice Chairman Guthrie** introduced **Matt Voile**, Section Manager, Invasive Species and Noxious Weeds, ISDA, who presented **Docket No. 02-0622-1301**, Noxious Weed Rules, a rule adopted by ISDA pending final approval of the 2014 Idaho State Legislature. This rule amends Subsection 100.01, State Early Detection Rapid Response (EDRR) Noxious Weed List, to add the Water Hyacinth. This is high on the priority alert, and every effort is made to eliminate them as soon as possible. Normally this plant would not be a threat, but because of the geothermal areas, it thrives. It also removes Subsection 100.04, Statewide Monitor List, from the rule, as the Water Hyacinth has been moved from this list. Matt Voile stood for questions.

Chairman Bair asked if these are the plants put in ponds by the nursery landscape businesses. **Matt Voile** answered yes. In 2007 this plant was listed on the EDRR, and since this list was created after Sine Die, the industry had already ordered their plants for the season. There was some contention with the Idaho Nursery and Landscape Association (INLA), and it was difficult to enforce the rule at that time. INLA came back in the fall, and together they negotiated and agreed to create the Monitor List. The plant was added, even though they believed that it couldn't escape and survive in the wilds of Idaho. It wasn't until 2012, that the seven mile infestation in the Mid-Snake Region was discovered. The INLA was notified of this infestation and agreed that this should now be moved back to the EDRR.

Chairman Bair asked how the department proposes to educate the landscape industry that this plant is no longer allowed to be planted. **Matt Voile** said it is a multi-faceted approach. They work with INLA and have contacted the individual members, by direct communication with the folks that retail and plant these, contacting the producers (this plant is actually illegal to transport across state lines. They are shipped from Florida to Canada and then into each individual state). They also work through the Idaho Weed Awareness Campaign giving presentations and setting up booths at the state fairs in Idaho and horticultural shows.

Vice Chairman Guthrie asked if the Water Hyacinth would die off in cold water. **Matt Voile** answered over time they could adapt to colder water, the idea is to eradicate them before they end up outside of these geothermal areas. It appears it has a broader range than was traditionally accepted and was found alive in freezing cold temperatures.

MOTION: **Senator Nonini** moved, seconded by **Chairman Bair** to adopt **Docket No. 02-0622-1301**. The motion was carried by **voice vote**.

PASSED THE GAVEL: Upon conclusion of the presentations and testimonies on the pending rules, Vice Chairman Guthrie passed the gavel back to Chairman Bair.

ADJOURNED: **Chairman Bair** adjourned the meeting at 9:07 a.m.

Senator Bair
Chair

Denise McNeil
Secretary

AGENDA
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Tuesday, January 21, 2014

SUBJECT	DESCRIPTION	PRESENTER
MINUTES:	Minutes from January 14, 2014	Chairman Bair
02-0623-1301	Rules Governing Noxious Weed Free Gravel and Rock Products	Lloyd Knight
02-0609-1301	Rules Governing Invasive Species	Lloyd Knight
02-0214-1301	Rules for Weights and Measures	Kevin Merritt
02-0625-1301	Rules Governing the Planting of Beans, Other Than Phaseolus Species, in Idaho	Mike Cooper
53-0101-1301	Rules of the Idaho Barley Commission	Kelly Olson
46-0101-1301	Rules of the State of Idaho Board of Veterinary Medicine	Director Jodie Ellis
46-0101-1302	Rules of the State of Idaho Board Veterinary Medicine	Director Jodie Ellis

COMMITTEE MEMBERS

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Vice Chairman Guthrie

Sen Brackett

Sen Tippetts

Sen Rice

Sen Nonini(Nonini)

Sen Patrick

Sen Buckner-Webb

Sen Ward-Engelking

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MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Tuesday, January 21, 2014

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippetts, Rice, Nonini(Nonini), Patrick, Buckner-Webb, and Ward-Engelking

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Bair** called the meeting to order at 8:01 a.m.

MINUTES: The Minutes for January 14, 2014, were presented to the Committee for approval.

MOTION: **Senator Ward-Engelking** moved, seconded by **Senator Patrick** to approve the Minutes from January 14, 2014. The motion was carried by **voice vote**.

PASSED THE GAVEL: Chairman Bair passed the gavel to Vice Chairman Guthrie to begin the rules review.

DOCKET NO. 02-0623-1301 **Vice Chairman Guthrie** introduced **Lloyd Knight**, Administrator, Plant Industries Division, Idaho State Department of Agriculture (ISDA), who presented **Docket No. 02-0623-1301**, Rules Governing Noxious Weed Free Gravel and Rock Products, a rule adopted by ISDA pending final approval of the 2014 Idaho State Legislature. This proposed rule is intended to provide a means for inspection and a way to certify that the materials delivered are certified noxious weed free. This rule came about at the request of the Association of Idaho Weed Control Superintendents and was patterned after the National Association of Weed Management (NAWMA) as it was similar to that of the ISDA Certification of Noxious Weed Free Hay and Forage rules.

There was no attendance at the rule making meetings nor written comments. This rule outlines definitions, references NOMA, and is a voluntary program. It specifically leaves out any language regarding fees or bonding so this can be dealt with at the county level. Lloyd Knight stood for questions.

In response to several questions from the Committee members, **Lloyd Knight** explained that the intent of this rule is to have all gravel and rock materials certified prior to moving or shipping, so that when it arrives at the job site it is certified weed free. Certifications done at the pit will be good for ten days and if that pile is not moved or shipped out by then, it will need to be certified again. This could potentially lead to the piles at the pits being inspected three to four times a month, but he thought it would be unlikely, as in most cases it is the producer that calls the inspector out to the pit only when that material is ready to be shipped out to the job site.

He continued that if a certified pile is moved from one area to another at the pit, that pile would need to be certified again. It would be extremely difficult for the inspector to identify that this is the same pile that was previously certified. If the certified weed free gravel stockpiled at the job site is not used within the 30 day time frame specified in this rule, it will require another certification and possibly an eradication prior to it being used. Any and all fees for inspection certifications will be set by the individual counties.

Vice Chairman Guthrie introduced several weed superintendents from various counties around Idaho who testified in support of this rule. They agreed that a standard is needed, especially in counties that work on federal projects. They shared their particular methods for certifying the gravel and rock, with most utilizing the methods in the existing Noxious Weed Free Hay and Forage rules. One superintendent testified in opposition to the rule as written. He said that with the way the rule is proposed, and the number of construction projects and rock piles they have, it would not be economically feasible.

Vice Chairman Guthrie introduced **Wayne Hammon**, Executive Director of the Idaho Association of General Contractors (IAGC), who spoke in opposition to the rule as it is written. IAGC is made up of a statewide network of construction industry leaders which include the owners and operators of most of the large commercial gravel pits in Idaho. **Mr. Hammon** explained that as this rule is written, an inspector would need to be there every day, because of the constant movement and mixing of gravel for projects in the pits. The issue with OSHA's rule that non certified personnel are not allowed on site during operations would result in the entire operation stopping for these inspections. Add to this the fees that would be required, this would impose a much greater burden than they have right now.

IAGC is concerned that this voluntary program will someday become mandatory, driving up the cost of construction. State agencies including ITD officials, stated that this is not their standard practice and they have no plans to include this in the future. Even though this is a requirement of several federal agencies and shows up in their bids, they are rarely enforced and most contractors have been able to have this waived. The IAGC is in favor of having a standard, and looks forward to working with the weed superintendents and ISDA to come up with a better plan that will work with their industry.

Chairman Bair asked what the negative impacts would be for not having this inspection process in place. **Wayne Hammon** said that with no standard, it leaves a question about what value the certificate really has to the outside entities that require this. There is no way to guarantee that they are delivering a certified product.

Senator Patrick commented that if the producers were controlling the site utilizing the methods in the Noxious Weeds Rule, the weeds should not be present in the gravel naturally. **Wayne Hammon** agreed that the best way to certify weed free gravel is to control the weeds growing around it.

MOTION:

Senator Rice moved, seconded by **Senator Buckner-Webb** to reject **Docket No. 02-0623-1301**. The motion was carried by **voice vote**. **Senator Tippetts** voted nay.

Chairman Bair commented that the Committee is grateful for those that came here to testify today. He said the Committee would encourage the weed supervisors to work together with the IAGC to find a solution to this issue and they would be very supportive of this in the future.

Vice Chairman Guthrie introduced **Lloyd Knight**, Administrator, Plant Industries Division, ISDA, who presented **Docket No. 02-0609-1301**, Rules Governing Invasive Species, a rule adopted by ISDA pending final approval of the 2014 Idaho State Legislature. This rule amends the existing rule, adding definitions for energy crop invasive species, facility, and trap crop invasive species. Mr. Knight explained to the Committee that trap crops are special crops utilized for the treatment of pest infested fields, as in the pale cyst nematode, that has infected some potato crops in Eastern Idaho. Trap crops were originally regulated through the Noxious Weed Rule, and the Department did an emergency listing two years ago as a controlled species. This was done so that research could be done by the University of Idaho. These crops are now at a point where they need to be moved to the Invasive Species Rule because of the more stringent permit process.

The energy crop issue has begun popping up in other states where certain species are being grown specifically as bio-energy crops, but are potentially invasive here in Idaho. To date, there are none grown here in Idaho, but the ISDA felt it necessary to have a mechanism in place by which to deal with them. Oregon is working with a species called arundo, which may end up in Idaho. Mr. Knight stood for questions.

Senator Ward-Engleking asked if there is plan in place if these invasive species escape. **Lloyd Knight** responded that the rule addresses this process, and if they are found outside the designated growth area, they will be eradicated.

Senator Brackett asked about the issues with the bullfrogs. **Lloyd Knight** responded that bullfrogs have been on the Invasive Species List from the creation of this list. There are a couple of facilities in Idaho that grow them commercially for out-of-state laboratory use. In order to allow that to occur and not impede on these operations, the bullfrogs have been added to the Exempt Species List and dealt with through a permit process. This is a joint process with the Fish and Game Department, with the bullfrogs being monitored as to their potential impact in the wild. These facilities are treated like a aquaculture facility, with inspections made to insure they cannot escape.

Chairman Bair asked if any of the energy crops in the Noxious Weed List were listed as noxious weeds in other states and which ones were they. **Lloyd Knight** said yes some of the energy crops are listed in other states and they are Kudzu and Giant Reed. These particular energy crop species have been chosen for this list because they have shown up on other state or national lists. **Chairman Bair** asked what assurances there are to prevent an outbreak, and who has liability and bears the cost to eradicate it if this happens. **Lloyd Knight** responded that the rule assumes that these crops are purposely brought to the State to grow, but they can show up outside where they are not expected. to be. If they are found outside of the growing area they will be eradicated. He stated that liability is silent in the rule with the State doing the eradications. **Chairman Bair** said the person purposefully bringing this into Idaho should be responsible and bear the entire liability for cleanup, and they should consider a rule next year that addresses this issue. **Lloyd Knight** responded that this was probably good counsel.

Senator Rice suggested some bonding requirements might be a better approach if planning to add the liability issue into a rule. This might sideline possible bankruptcy.

Chairman Bair asked what the need is for the energy crops if there have been no proposals to grow these crops. **Lloyd Knight** said it's preemptive, and ISDA decided on including this because of the experience of working through the trap crop issue. The intent of this portion of the rule is to show openness to the possibility of new commercial enterprises, but with control mechanisms in place. This assures others that there are tools to deal with this and be able to track who is bringing these crops in.

Vice Chairman Guthrie asked if it would be possible for anyone to legally grow the plants on this energy crop list without this rule in place. **Lloyd Knight** responded yes.

Vice Chairman Guthrie introduced **Jeff Pettingill**, from Bonneville County Weed Control, who spoke in support of this rule. He passed out pictures of the Litch Tomato, an invasive species grown in Bonneville under controlled circumstances in conjunction with the University of Idaho. He also passed out samples of corn stover and arundo, both used as biofuel. He stated that bio-energy crops are right at our back door, and that Idaho National Laboratory (INL) just finished a brand new building and is shipping arundo in to use as a biofuel.

MOTION:

Chairman Bair moved, seconded by **Senator Brackett** to adopt **Docket No. 02-0609-1301**.

Chairman Bair stated that he is uncomfortable with a few of the portions of the rules especially for providing opportunities for noxious weeds to be introduced into Idaho and is hopeful that the rule is strict enough to keep control of the weeds. He restated his concerns regarding the liability.

Both **Senator Buckner-Webb** and **Senator Ward-Engelking** indicated they were not comfortable bringing invasive species into Idaho.

Vice Chairman Guthrie stated that he sees this as the best way to manage this issue, because as it stands today, these crops can be brought in anyway and with no penalty. Now there will be control.

Senator Rice agreed that the entire Committee is concerned about this issue, but zero control is a worse option and it is important to have greater control and do things appropriately.

The motion to approve was carried by **voice vote**. **Senator Buckner-Webb** and **Senator Ward-Engelking** voted nay.

**DOCKET NO.
02-0214-1301**

Vice Chairman Guthrie introduced **Kevin Merritt**, Section Manager, Bureau of Weights and Measures, ISDA, who presented **Docket No. 02-0214-1301**, Rules for Weights and Measures, a rule adopted by ISDA pending final approval of the 2014 Idaho State Legislature. The proposed fee rule will

- Increase the minimum license fee to \$12 when only one device is at the location. The new fee doesn't cover the actual expense, but does a better job of charging a fee that is fair and closer to covering the costs. This increase will impact approximately 473 businesses currently licensing one commercial device by \$2,838.
- New emerging devices in the market place will be added that include Liquefied Natural Gas (LNG) or Compressed Natural Gas Meters that are being installed along the freeways for fuel for semi trucks.
- The language from Table 1-A that identifies petroleum as a descriptive to meters will be removed. ISDA tests all types of meters that are not petroleum related. This would make the cost for non-petroleum devices not on Table 1-A more transparent to the owners.
- Increase the fees for devices D, E, and F in Table 1-A that are classified as large capacity scales:
 1. Type D scales, primarily livestock scales, has the largest percentage of increase. Type D will impact approximately 390 owners and generate \$13,650.
 2. Type E and F scales will impact 1207 owners and generate an additional \$24,140.

The increases will take effect after February 2015, and should generate a \$40,628 overall annual increase, bringing costs more in line with actual expenses. The fuel and maintenance costs in 2012 were \$44,458, the overages have been supplemented in the past from the general fund. Kevin Merritt stood for questions.

Senator Patrick asked how could they possibly go to Riddle, Idaho for \$100.

Kevin Merritt stated that those costs are covered either by the other license fees or supplemented by the general fund.

Senator Brackett asked if these are annual inspections, and if they are consistent with federal regulations or the Packers and Stockyard Act. **Kevin Merritt** stated the inspections are good for one year. The testing of these scales work in conjunction with the Packers and Stockyard Act, and requires two inspections annually, one provided by ISDA, and the owner would be required to hire a service agency to conduct the second.

MOTION: **Senator Patrick** moved, seconded by **Senator Rice** to adopt **Docket No. 02-0214-1301**. The motion was carried by **voice vote**.

DOCKET NO. 02-0625-1301 **Vice Chairman Guthrie** introduced **Mike Cooper**, Bureau Chief, Plant Industries Division, ISDA, who presented **Docket No. 02-0625-1301**, Rules Governing the Planting of Beans, Other Than Phaseolus Species, in Idaho, a rule adopted by ISDA pending final approval of the 2014 Idaho State Legislature.

This new rule was created at the request of the Idaho Bean Commission to deal with the varieties of seeds coming into the State that could transmit bean diseases and potentially infect the well established bean industry. A copy of the petition from the Idaho Bean Commission is attached. This new rule pertains to soybeans, azuki and mung beans. It was discovered that soybeans could be a host for a bacterial blight of beans. Garden and dry beans planted following soybeans had a higher incidence of bacterial blights showing up in that growing season. After this research came to light, it prompted the industry to act.

This rule is patterned after the bean rule and lists the diseases of concern, as well as the soybean cyst nematode. Any seeds coming into the State that are the species listed would need to be tested before they are planted, and would require a growing seed inspection and a pre-harvest inspection. The fee structure also follows the existing Bean rules, and charges the same for plant pathology analysis, about \$250.00 on a per sample basis. A charge of \$3.50 per acre for field inspections with a \$50 minimum is also proposed. Charges for nematode and soil testing will be at the prevailing rates of those labs capable and approved for that testing. Mike Cooper stood for questions

Vice Chairman Guthrie called attention to the packet from Lacey Manesco, Administrator of the Idaho Bean Commission.

Vice Chairman Guthrie introduced **Don Tolmie**, agronomist for Treasure Valley Seed in Homedale, Idaho and a warehouse rep for the Idaho Bean Commission, who testified in support the rule. Mr. Tolmie said there is potential for several thousands of acres of soybeans being planted if plans for the crushing facilities are followed through in the Columbia Basin. He said that typically soybeans are not a common crop due to small market opportunities, low profits and no processing facilities near by. This could change when the Columbia Basin crushing plants are completed. This rule should protect the established bean seed industry from uninspected, untested soybean seed and provide an opportunity for the production of Idaho grown certified soybean. This industry delivers over \$90 million in receipts annually as well as employing hundreds of workers.

MOTION: **Senator Patrick** moved, seconded by **Chairman Bair** to adopt **Docket No. 02-0625-1301**. The motion was carried by **voice vote**.

Due to time constraints, **Docket Nos. 53-0101-13014, 46-0101-1301** and **46-0101-1302** will be moved to the next Committee meeting scheduled on Thursday, January 23, 2014. **Chairman Bair** thanked all those who attended and being part of the legislative process.

**PASSED THE
GAVEL:**

Upon conclusion of the presentations and testimonies on the pending rules, Vice Chairman Guthrie passed the gavel back to Chairman Bair.

ADJOURNED:

Chairman Bair adjourned the meeting at 9:45 a.m.

Senator Bair
Chair

Denise McNeil
Secretary

AMENDED AGENDA #1
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Thursday, January 23, 2014

SUBJECT	DESCRIPTION	PRESENTER
WELCOME:	Welcome to Brigham Young University Students - Idaho Food and Agricultural Policy class	Chairman Bair
<u>46-0101-1301</u>	Rules of the State of Idaho Board Veterinary Medicine	Jodie Ellis, Executive Director
<u>46-0101-1302</u>	Rules of the State of Idaho Board Veterinary Medicine	Jodie Ellis, Executive Director
<u>53-0101-1301</u>	Rules of the Idaho Barley Commission	Kelly Olson, Administrator, Idaho Barley Commission
PRESENTATION: Barley Commission Annual Report		Kelly Olson, Administrator, Idaho Barley Commission
PRESENTATION: Idaho Department of Water Resources (IDWR) Schedule and overview of IDWR and Idaho Water Resource Board (IWRB) programs and financial proposal		Gary Spackman, Director, IDWR Roger Chase, Chairman, IWRB

COMMITTEE MEMBERS

Chairman Bair

Vice Chairman Guthrie

Sen Brackett

Sen Tippetts

Sen Rice

Sen Nonini(Nonini)

Sen Patrick

Sen Buckner-Webb

Sen Ward-Engelking

COMMITTEE SECRETARY

Denise McNeil

Room: WW31

Phone: 332-1330

email: sagri@senate.idaho.gov

MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, January 23, 2014

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippetts, Rice, Nonini, Patrick, Buckner-Webb and Ward-Engelking

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Bair** called the meeting to order at 8:01 a.m.

WELCOME: **Chairman Bair** welcomed the students from Brigham Young University.

PASSED THE GAVEL: Chairman Bair passed the gavel to Vice Chairman Guthrie to begin the rules review.

DOCKET NO. 46-0101-1301 **Vice Chairman Guthrie** introduced **Jodie Ellis**, Executive Director, Board of Veterinary Medicine, who presented **Docket No. 46-0101-1301**, Rules of the Idaho State Board of Veterinary Medicine (Board), a rule adopted by ISDA pending final approval of the 2014 Idaho State Legislature. Changes to the rule were per the recommendation by the Euthanasia Task Force (ETF). No comments or suggestions were received during the open period, no objections or public hearing.

Section 102 removes the term certification. Section 103.02.a.i, adds language to authorize certified veterinarian technicians to dispense and deliver certain medications and antibiotics (not controlled substances or anesthetics) under the direct supervision of a veterinarian.

Section 154.05 changes the time period from 14 calendar days to 3 business days for veterinarians to respond to the request for medical and vaccination records from an animal's owner, veterinarian, or anyone providing subsequent care. The Board believes this is a more reasonable time frame, is of more value to those providing the care, and should be easily complied with.

Changes to certain provisions in Rule 205 were made concerning the training and examination of certified euthanasia technicians. This rule modifies and specifies the procedures, passing grades, and clarifies certification requirements. Section 205, Subsection 03, a through g, is aimed at clarifying and defining steps of evaluating candidates for the certified euthanasia technician position. Written, clinical and a jurisprudence exam must be taken and passed before gaining certification. Ms. Ellis stood for questions.

Senator Patrick asked if the changes were reactionary and the result of lawsuits. **Jodie Ellis** responded no. The ETF wanted to be proactive in preparing for any anticipated problems.

Senator Brackett asked what issues, if any, they had with the 14 day response time. It seems that going from 14 days to 3 days doesn't seem to "hit the mark" either. **Jodie Ellis** responded most veterinarians comply long before the 14 day period, with most emergency situations receiving an immediate response. She stated that the 14 day time frame to comply with requests for records was just too long for the health and welfare of the animals.

Senator Rice and **Senator Tippetts** asked what would happen if an office is closed for an extended period of time and no records were available or accessible. Could this be considered non compliance by the Board, and if so what are the penalties. **Jodie Ellis** responded that disciplinary actions could ensue only if a written complaint is filed with the Board. She stated that there are always exceptions to the rule, and the Board would take this into consideration. She does not anticipate this particular scenario, as most offices have staff to handle these situations.

To further clarify, Ms. Ellis, called on **Carol Youtz**, Technical Records Specialist, Idaho State Board of Veterinary Medicine, who said that if a written complaint was registered with the board, there would need to be an investigation. Disciplinary penalties range from \$100 to \$5,000 per incident. **Jodie Ellis** added that most often, a letter of warning is issued, as opposed to full disciplinary action.

MOTION:

Senator Brackett moved to adopt **Docket No. 46-0101-1301** in it's entirety, but to reject Section 154.05, seconded by **Senator Rice**.

Senator Tippetts commented that even though he felt confident that the Board was reasonable in considering complaints, he felt a better middle ground could be reached. He supported this motion.

The motion carried by **voice vote**.

**DOCKET NO.
46-0101-1302**

Vice Chairman Guthrie introduced **Jodie Ellis**, Executive Director, Board of Veterinary Medicine, who presented **Docket No. 46-0101-1302**, Rules of the Idaho State Board of Veterinary Medicine, a rule adopted by ISDA pending final approval of the 2014 Idaho State Legislature. This rule was written to authorize continuing education credits for solo and panel presenters for courses approved by the board. Solo presenters could earn one hour of continuing education credits for each 50 minutes of actual course instruction. The presenter will be limited to earning a maximum of eight credit hours for presentations during a two year reporting period for continuing education credits.

She explained that licensees acting as panelists in an approved presentation could earn credits utilizing a formula that multiplies the actual number of course hours by two then divides by the number of panelists participating. For example, if the presentation is worth a total of four hours to the attendees and there are four people on the panel, each panelist would receive two hours of continuing education. (4 hours x 2 / 4 people = 2). Ms. Ellis stood for questions.

Senator Rice asked how the Board come up with the formula used for the panel presenters. **Jodie Ellis** responded this was accomplished through several Board meetings and discussions with Board members that have done panel presentations. The Board determined this a fair calculation of effort and time of the panelist.

Chairman Bair asked if a panel presenter would receive the same amount or more credit as those in the audience. **Jodie Ellis** responded a solo presenter will get 1 credit hour per 50 minutes of presentation. Panelists get less than the solo presenter because of less preparation time. They also get less credit than the attendees. **Chairman Bair** asked why a panel wouldn't at least receive the same amount of credit as the audience since they are sitting through the entire meeting and hearing the same information in the presentation. **Jodie Ellis** referred back to the formula, explained about the level of preparation and attention, that the panelists are there for just a specific topic, as opposed to the solo presenter. She did say she could see the Chairman's point, though, and that this was something to consider.

Chairman Bair stated that after reading this rule several times and listening to the input from the other members, the weaknesses became apparent. He stated he would like the Board to review this.

Senator Tippetts stated he liked the idea of giving credit to the presenters, both the solo and panelist, considering the amount of effort that goes into preparation. He felt that the comment made by Chairman Bair, regarding a panelist getting at least as much credit as an audience participant, is valid. He agrees that the Board should consider a change in this calculation.

Vice Chairman Guthrie asked if there were any additional questions or comments from the Committee or audience.

Chairman Bair commented on the Committee's struggle with some issues and concerns in their review of the rules and the importance that is placed on their consideration and decisions they needed to make. He stated that from his experience as both a solo and panelist presenter, he understood first hand the amount of effort required for preparation. He felt it would be unfair to limit the amount of credits of the panelist to less than that of an audience participant. He would like the Board to review this rule and make changes to consider this.

MOTION:

Chairman Bair moved to reject **Docket No. 46-0101-1302** with a second by **Senator Rice**.

Senator Rice agreed with the idea of the rule and the importance of giving credit for continuing education. He felt it should be limited to the same credit as attendees, but a panelist should not be treated different than a solo presenter. He supports the motion.

Senator Tippetts asked what impact the rejection would have to the Board. **Ms. Ellis** referred the question to **Carol Youtz**, Technical Records Specialist, Idaho State Board of Veterinary Medicine, who stated that if the rule is not changed today, it will mean none of the presenters will earn any credit.

Although **Senator Tippetts** agreed with Chairman Bair and the motion, he thought it better to pass it and ask the Board to revisit this and consider the comments and opinions of the Committee about giving additional credit for members of a panel.

Chairman Bair agreed with Senator Tippetts, and asked for permission from Senator Rice to withdraw the first motion. **Senator Rice** agreed and suggested rejecting Section 105.05.b and c.

Senator Buckner-Webb agreed with Senator Rice, and stated that having also participated on panels, as most of the Committee members have, they have first hand knowledge of the amount of time for preparation that is needed. She felt it was unfortunate that the credits earned are not increased. She would be willing to support the rule for the short time as it stands.

MOTION:

Senator Ward-Engelking made a motion to approve **Docket No. 46-0101-1302**, but reject Section 105.05.b and c. Second by **Senator Rice**.

Senator Ward-Engelking commented that she agreed that panelists should receive credits for their efforts. She felt that this motion would accomplish this. She agreed that they should receive more though.

Senator Nonini asked if the House had voted on this rule. **Jodie Ellis** responded that the House has passed it. **Senator Nonini** then asked Vice Chairman Guthrie if it takes one Committee to approve a rule and two to reject a rule. **Vice Chairman Guthrie** responded yes, that is correct.

Chairman Bair said if the rule or a portion of the rule is rejected, a resolution will be drafted and will then go to the House and they will have to act on the resolution. If they reject the action of the Committee, the rule will stand as they previously approved.

Senator Ward-Engelking asked if the motion should be withdrawn, with a verbal understanding that this rule will be revisited and changed per the recommendations of the Committee.

Senator Tippetts stated he does not agree with this formula as it stands, but at least it will be giving some credit, which is better than none. He would like to see this revised to consider a more fair credit amount given to the panelist.

Chairman Bair asked the Committee to have a discussion prior to a substitute motion. He asked them to consider a vote to pass the rule, and he would make an official request to the Board that they revisit this credit issue as found in Section 105.05.b and c, and have a negotiated rulemaking process to come up with a better solution. The Committee agreed this would be the best solution.

Senator Rice reiterated the importance of this issue, agrees that the rule should be passed, and that by this vote on this motion, it will put on record how the Committee feels about this issue; panelist should be given the same consideration in earning credits as solo presenters. He agreed this rule needs work.

**SUBSTITUTE
MOTION:**

With permission from Senator Ward-Engelking, **Chairman Bair** made a substitute motion, seconded by **Senator Ward-Engelking** to adopt **Docket No. 46-0101-1302**.

Chairman Bair told Ms. Ellis, that it is the Committee's intention to pass the rule, but would like the Board to revisit Section 105.05.c. A formal letter of request to reopen the rule for revision will be coming from the Committee

**DOCKET NO.
53-0101-1301**

Vice Chairman Guthrie introduced **Kelly Olson**, Administrator, Idaho Barley Commission, who presented **Docket No. 53-0101-1301**, Rules of the Idaho Barley Commission, a rule adopted by ISDA pending final approval of the 2014 Idaho State Legislature. The changes included housekeeping additions to make sure rules conform with administrative rules. There would be a change to Section 100 to strike the reference to the .02 cents per hundredweight Idaho barley tax imposed on barley grown, delivered into, or stored within the State. She stated that this conforms with S1304, that allowed for striking any reference to a fixed assessment from the rules. This change is consistent with the Idaho Wheat Commission rules which do not stipulate any assessment rate. Ms. Olson stood for questions.

Further clarification was requested from **Senator Tippetts** regarding this change, and he asked if this would give the commission authority to raise the rate to .04 next year. **Ms. Olson** explained that the motion adopted last February 2013, was to increase the assessment from .02 cents to .03 cents per hundredweight to end in 2018, so on July 1, 2013, the new assessment rate of .03 cents per hundredweight went into effect. This motion did not bind any future commission from revisiting that assessment rate, because the underlying statute gives the Board the authority to set the assessment up to .04 cents per hundredweight. That motion would allow the current Commission to raise some additional funds for revenue to invest in research funding, but not stay at this rate forever. She said 100 percent of the additional revenue raised has been allocated to research.

Senator Patrick recalled that when he carried the bill, the intent was to allow the assessment to go to .04 cents, that it said nothing about oversight by rules.

MOTION: **Senator Patrick** moved, seconded by **Senator Buckner-Webb** to adopt **Docket No. 53-0101-1301**. The motion was carried by **voice vote**.

PASSED THE GAVEL: Upon completion of the rules review, Vice Chairman Guthrie passed the gavel back to Chairman Bair.

Chairman Bair thanked the Committee for all their hard work in reviewing the rules. Due to time constraints, he asked Kelly Olson if she would mind rescheduling her annual presentation.

PRESENTATION: **Chairman Bair** introduced **Roger Chase**, Chairman of the Idaho Water Resources Board (IWRB). Mr. Chase thanked the Committee for the opportunity to present, and introduced the members of the Water Resource Board.

Mr. Chase began by outlining the tasks that will be undertaken this year:

1. Develop a state water plan with revisions completed to be presented during the 2015 session.
2. Work on a plan for sustainability of water in Idaho, and hope to have the preliminary plan ready for the 2015 session.

He then went on to explain about the Water Sustainability Initiative Funding request that will be presented to JFAC for various projects throughout the state, totaling \$15 million. It is the hope of the Board that these projects will be approved and that they can move forward on them.

- \$4 million. Mountain Home Air Force Base (AFB) Water Rights & Supply. \$2-3 million would be used to buy a portion of the unused water rights on the Snake River from the Simplot Corporation, and \$1 million to make the preparations for delivery to AFB.
- \$4 million - Eastern Snake Plain Aquifer (ESPA) Managed Recharge Infrastructure & Expenses. The money will go to constructing recharge sites along the Snake River Plain.

- \$500,000 - Northern Idaho Future Water Needs Studies. Some surrounding states, specifically Washington, have been looking at Northern Idaho water. This money will help to identify Northern Idaho water usage which will help if situations arise regarding these states pushing Idaho for its use.
- \$2 million - Galloway Reservoir Project. The funds would be used for studies to determine whether this is the best site to build a dam. This is the most promising site in the state. The proposed reservoir would hold 750,000 acre feet of water and would cost approximately \$500-600 million dollars. They hope to use funds from the State and not rely on federal funds.
- \$2.5 Million - Island Park Reservoir Enlargement. These funds are for study to raise the dam three feet. This will create about 30,000 acre feet of water, which is a small, but important amount.
- \$1.5 Million - Arrowrock Enlargement. This funding is to continue the studies on raising the height of this dam and will be matched by the Army Corps of Engineers (Corps). This is a Corps project because of the flooding potential in the Treasure Valley.
- \$500,000 - Water supply Bank Computer Infrastructure & Costs. This funding will help update their computer software systems.

Mr. Chase stood for questions.

Responding to various questions from the Committee regarding the AFB and the Swan Falls Agreement, **Roger Chase** explained that the Simplot Corporation bought the water rights from a canal company that never used them. Simplot understood the importance of stabilizing the aquifer that would supply the needed water, and offered to sell half of the water rights to the State to make sure the AFB has water and keeps running. They have requested that the Board not lease the water to someone else that will compete against them, making the AFB a perfect choice. Until the system to provide this water to AFB is up and running, the water will remain in Swan Falls to help maintain that level.

Senator Brackett asked what would happen if the water fell below the level needed at Swan Falls. **Roger Chase** responded that it might eventually lead to curtailing water, with the junior rights holders being affected.

Senator Nonini asked if Mr. Chase has heard of any of the Washington tribes going after water in Northern Idaho. **Roger Chase** responded that it is not necessarily the tribes, although there has been some activity with them seeking more water. More importantly though is the City of Spokane, who would like to keep the flows in the Spokane river higher. All of their wells for the city are right next to the river. Their solution is to make Idaho water their solution, and take water out of Lake Pend-Oreille and transfer it to the river. Oregon has been mining their aquifers too aggressively, and has also been looking at Northern Idaho to supplement water. He said that it is critical to be able to account for our usage and that the water needs studies would help with this.

Chairman Bair introduced **Gary Spackman**, Director of the Idaho Department of Water Resources (IDWR), who due to the time constraints of the Committee, quickly went through his presentation and touched on a few topics concerning the Department.

Director Spackman thanked the Committee for having him and said that the IDWR was remiss in not coming sooner. He spoke to the water issues and the low snow pack. Southern Idaho and particularly the Snake River area is a big concern. This year, because of the low carryover in reservoirs, there is a high likelihood that unless we have an above normal snow-pack in the mountains, that a curtailment order may be required. He explained that this would result in shutting down the irrigation of thousands of acres across the Eastern Snake Plain. Historically, a high water/snow-pack there should be no curtailment order and no mitigation obligation, a normal water/snow-pack will probably be at least a curtailment order of up to 30,000 acre feet and a low water/snow-pack could result in a curtailment of 230,000 acre feet.

Director Spackman talked about the restructuring of the Department. Matt Weaver is the new Deputy Director. He touched briefly on the Department's annual budget needs. He added more to the AFB water issue. The department has spent four to five years trying to figure out what to do with the water supply issue there, and feels very fortunate to be able to acquire the water rights from Simplot. He stated that the draft legislation dealing with the appropriation for ground water recharge and accrual of recharge credits would help with this as well. He said the Department has been working very hard to alleviate the backlogs on the transfers, permits, ownership changes and lease applications. It has been a concerted effort of a year and a half of hard work, they have made remarkable progress in reducing these. He stood for questions.

Roger Chase stood and stated for clarification, that the money that the IWRB is asking for is a one-time request. **Chairman Bair** said he would be meeting with the Committee to discuss this further, then would be presenting their recommendation to JFAC.

Chairman Bair thanked everyone for attending, and the Committee for all their hard work in reviewing the rules.

ADJOURNED: **Chairman Bair** adjourned the meeting at 9:37 a.m.

Senator Bair
Chair

Denise McNeil
Secretary

AGENDA
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Tuesday, January 28, 2014

SUBJECT	DESCRIPTION	PRESENTER
MINUTES:	Minutes from January 21, 2014	Senator Buckner-Webb Senator Rice
WELCOME:	University of Idaho Agricultural Economics Students Public Policy Tour	Rick Waitley, Food Producers of Idaho

PRESENTATIONS:

Potato Commission Annual Financial Review	Frank Muir, President Patrick Kole, Vice President
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COMMITTEE MEMBERS

Chairman Bair	Sen Nonini
Vice Chairman Guthrie	Sen Patrick
Sen Brackett	Sen Buckner-Webb
Sen Tippetts	Sen Ward-Engelking
Sen Rice	

COMMITTEE SECRETARY

Denise McNeil
Room: WW31
Phone: 332-1330
email: sagri@senate.idaho.gov

MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Tuesday, January 28, 2014

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippetts, Rice, Nonini, Patrick and Ward-Engelking

ABSENT/EXCUSED: Senator Buckner-Webb

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Bair** called the meeting to order at 8.01 a.m.

MINUTES: The Minutes from January 21, 2014 were presented to the Committee for approval.

MOTION: **Senator Rice** moved, seconded by **Vice Chairman Guthrie** to approve the Minutes from January 21, 2014. The motion carried by **voice vote**.

WELCOME: **Chairman Bair** welcomed the University of Idaho Agricultural Economics student's 14th annual tour, and invited Rick Waitley from the Food Producers of Idaho to the podium to introduce them.

PASSED THE GAVEL: **Vice Chairman Guthrie** requested the gavel from Chairman Bair. He then introduced **Kit Tillotson**, President of the Idaho Association of Soil Conservation Districts who surprised Chairman Bair by presenting him with the 2013 Legislator of the Year award. After his acceptance, Vice Chairman Guthrie passed the gavel back to Chairman Bair, and **Mr. Waitley** continued on with his introductions.

PRESENTATION: **Chairman Bair** introduced **Frank Muir**, President of the Idaho Potato Commission (IPC), who thanked the Committee and introduced the members of the board. He began his presentation by directing the Committee to the summary page of the 2013 financial report. **Frank Muir** said last year 344,000 acres of potatoes were harvested, which was a record yield. This year they had a very large profile size type of crop, which, because of their size, made them more difficult to market. This required additional programs during the year to make sure these crops could be moved. Potato tax revenues put the IPC \$366,000 ahead of budget. The IPC only receives revenue from potatoes sold for human consumption. Grant money received for research & education and international promotion totaled over \$500,000, with most of the money being used to get methyl bromide for use on Potato Cyst Nematode (PCN) in eastern Idaho.

Frank Muir said total revenue was \$936,326; total expenses were \$765,000, with a net \$175,000 incremental revenue. This year consumer advertising and public relations costs increased due to additional programs, particularly the big Idaho potato truck tour and the bin promo. The IPC likes to hold a three month reserve, and any extra money will be used to benefit the growers

Chairman Bair asked what a bin promo is. **Frank Muir** said they are large bins found in produce departments of grocery stores. They are colorful bins with graphics identifying them as Idaho grown potatoes and are used when there are large quantities that need to be moved quickly.

Moving on to 2014, **Mr. Muir** said this year less potatoes were harvested with 315,000 acres producing a yield of 415 hundredweight per acre. The potato tax for 2014 is estimated to be \$13.5 million. The IPC is planning on taking \$438,000 out of the reserve to be used for the potato tour, research and education, and two national meetings coming to Idaho this year. It is anticipated that the bottom line for spending will be about \$14.2 million. This is down about \$1 million from last year. Every year adjustments are made based on crop size, profile, and what is happening out in the public. This helps the IPC in making sound decisions that will be the most beneficial for the growers. Mr. Muir stood for questions.

Chairman Bair asked what the balance of the reserve fund is. **Frank Muir** said it varies month to month because the IPC is run on a cash basis. Their target is to have about \$3 million in reserves. That includes what is in the "checking account" and the short term securities they hold.

Chairman Bair asked if the entire amount of the research and education grant was used for the methyl bromide for PCN eradication. **Frank Muir** responded that the amount is about \$250,000. The rest was used to build a facility for the trucks to be used to clean the growers' equipment (part of the PCN eradication program). Travis Black, Industry Relations Director, lead this project. **Chairman Bair** said he understood that the machinery had to be washed as it left the field, and asked how a centralized washing facility could help with this. **Frank Muir** called on **Patrick Kole**, Idaho Potato Commission, who responded that "regulated" fields can be done by the farmer using a steaming process, whereas, "infested" fields must be done by United States Department of Agriculture (USDA) employees. This site houses the equipment that can be borrowed by the growers to self sanitize their equipment. The hope is to reduce costs by having the sanitation process done by growers who have been trained and certified. The total spent on PCN for 2013 was \$4.2 million and for the last 8 years \$77.5 million was spent.

Mr. Muir's last slide detailed the 2014 proposed spending for research & education totaling \$1.1 million, most of it going to the University of Idaho. The IPC has budgeted \$714,402 to be used for research projects to help in improving the quality of crop yields and disease prevention. The IPC has provided \$3.5 million to the University over the past five years.

Chairman Bair thanked the Idaho Association of Soil Conservation Districts for the award and the students for their visit.

ADJOURNED: **Chairman Bair** adjourned the meeting at 8:48 a.m.

Senator Bair
Chair

Denise McNeil
Secretary

AGENDA
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Thursday, January 30, 2014

SUBJECT	DESCRIPTION	PRESENTER
RS22672	Relating to Bees	Benjamin Kelly, Idaho Honey Industry Association
RS22686	Relating to the Equine Education Account	Stan Boyd, Idaho Horse Council
RS22690	Relating to Animals - Trichomoniasis Testing	Wyatt Prescott, Idaho Cattle Association
RS22691	Relating to the Potato Commission	Patrick Kole, Idaho Potato Commission
PRESENTATION: Secondary Agricultural Education Initiative		Brett Wilder, Food Producers of Idaho Intern and State FFA President Shawn Dygert, Idaho Vocational Agriculture Teachers Association
PRESENTATION: University of Idaho - Contribution of Agriculture to The Economy		Garth Taylor, Regional Economist, Associate Professor Steve Hines, Extension Educator

COMMITTEE MEMBERS

Chairman Bair
Vice Chairman Guthrie
Sen Brackett
Sen Tippetts
Sen Rice

Sen Nonini
Sen Patrick
Sen Buckner-Webb
Sen Ward-Engelking

COMMITTEE SECRETARY

Denise McNeil
Room: WW31
Phone: 332-1330
email: sagri@senate.idaho.gov

MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, January 30, 2014

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippetts, Nonini, Patrick, Rice, Buckner-Webb and Ward-Engelking

ABSENT/EXCUSED:

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Senator Bair** called the meeting to order at 8:04 a.m.

RS 22672 **Chairman Bair** introduced **Benjamin Kelly**, representing the Idaho Honey Industry Association, who presented **RS 22672**, legislation relating to Bees, Section 22-2510. This proposed legislation would allow for beekeepers who bring their hives into the State for indoor winter storage before moving them to another state, to be exempt from paying fees and taxes. They would still be required to register the hives with the ISDA. Changes to Section 22-2809 would replace the subsection lettering with numbering to be consistent with Section 22-2510.

MOTION: **Senator Tippetts** moved to introduce **RS 22672** for printing. **Senator Nonini** seconded the motion. The motion carried by **voice vote**.

RS 22686 **Chairman Bair** introduced **Stan Boyd**, representing the Idaho Horse Council, who presented **RS 22686** legislation that relates to the Equine Education Account. This proposed legislation changes funding of the Equine Education Account from the University of Idaho (U of I) Northwest Equine Reproduction Laboratory (INERL), now closed, to their Social Science Research Unit. This funding will be used to update the Idaho horse census survey. The horse census survey, which is conducted every 3- 5 years, costs between \$40,000 to \$50,000 to complete. Any funds not used for the census study may be used for other U of I education or research projects by agreement of the Idaho Horse Council. Over the past 11 years, the Idaho Horse Council has given an average of \$26,300 annually to the University.

MOTION: **Senator Nonini** moved to introduce **RS 22686** for printing. **Senator Ward-Engelking** seconded the motion. the motion carried by **voice vote**.

RS 22690 **Chairman Bair** introduced **Wyatt Prescott**, Executive Vice President Idaho Cattle Association (ICA), who presented **RS-22690**, that relates to trichomoniasis testing. Currently, all bulls north of the Salmon River are exempt from this testing. The proposed legislation will require mandatory testing for all bulls in Idaho, helping to keep the cattle herds healthy, prevent abortions and facilitate imports and exports of Idaho cattle.

Senator Brackett asked if dairy bulls are exempt. **Wyatt Prescott** answered that yes, there is an exemption for them.

Senator Nonini asked why the bulls north of the Salmon River are exempt. **Wyatt Prescott** responded that this is a complicated question, the answer dates back before his time with the ICA. When the initial trichomoniasis testing requirements were put in place, there were conflicting opinions in northern Idaho regarding the requirements. One reason had to do with the location of the bulls, that with them being more spread out, this made access more difficult to test annually. This addition to Idaho Code will no longer allow that exemption.

Vice Chairman Guthrie noted that the requirements to test were not in Idaho Code before, and asked how was the exemption enforced before, if it wasn't in code. **Wyatt Prescott** stated the rule governing trichomoniasis testing was found in ADAPA 24.29. **Vice Chairman Guthrie** asked if this was changed in code because it is easier than removing the language in rules. **Wyatt Prescott** replied that by changing it in code, this requires the rule to be changed to conform to statute.

MOTION: **Senator Brackett** moved to introduce **RS 22690** for printing. **Senator Buckner-Webb** seconded the motion. The motion carried by **voice vote**.

PRESENTATION: **Chairman Bair** introduced **Brett Wilder**, FFA President and Food Producers Intern, who spoke about the 2014 Idaho Initiative for Secondary Agricultural Education Improvement. Brett began by stating that agricultural education has stretched beyond its original vocation purposes and is definitely more than "sows, cows and plows". Important facts of the initiative include:

- Production Agriculture and agribusiness are Idaho's leading industry and employer.
- Turnover in agricultural education teaching positions has been 36 percent in the last 2 years alone and threatens long term viability and quality of the program.
- There has been a 25 percent growth in the last 10 years.
- Agricultural and natural resource education programs are found in 37 of the State's 44 counties and impact over 12,000 students annually with 90 programs including integral FFA Chapters.
- The "go to college" rate is over 63 percent as compared to 47 percent for general education completers.

Statistic show that one in every four students in Idaho will take an agricultural education course in their career.

Brett Wilder went on to explain what he called the Three Circle Model. This model incorporates classroom instruction, supervised agricultural experiences ("the hands on" portion) and FFA extra-curricular activities. The total program of agricultural education develops the student totally, not just in the classroom, or in theory, but with the applied hands on opportunities. It goes beyond the traditional classroom standards, encouraging critical thinking and problem solving. It provides a wide variety of opportunities for the students to follow career pathways and receive certifications in special areas. Every student that completes the agricultural education program is prepared to go to college, to the workforce, to be a competitive graduate and a successful citizen.

Brett Wilder talked about his experience and involvement with the FFA Association and said it is their mission to make a positive difference in the lives of students by developing their potential for premier leadership, personal growth, and career success through agricultural education. It offers students opportunities to compete in contests or career development advances. Idaho has 25 chapters with programs that cover most of the industries in agriculture, and as more industries grow, they are adding career development events to fit those needs. Brett is very involved in public speaking and became a nationally accredited parliamentarian through the organization.

Chairman Bair thanked Brett for his presentation and introduced Shawn Dygert, Idaho Vocational Agriculture Teachers Association. **Shawn Dygert** has been teaching for 25 years in the Kuna School district and spoke about the components of the initiative. In initial discussions, it was determined that the changes must benefit every program in the State and effect every student in every classroom, as the students taught range from the academically challenged, gifted and talented, to those at risk. It was also determined that with the agricultural industry's critical need for future employees, as well as the number of teachers leaving in the last couple of years, that improvements to the work environment and student activities were needed. **Shawn Dygert** presented the components of the initiative and said these first two components are the most critical and the funding they are seeking would help make the programs work.

1. Adjust and fully fund added cost allocations. This component is requesting an additional \$4,740 to each classroom and covers all the added costs that are not part of the normal classroom. With a 25 percent enrollment growth over the last 10 years, and a 4 percent decrease in secondary added cost formula, the money just doesn't go as far. Some expenses have more than tripled. The total cost investment needed is \$604,800 annually.
2. Restore Full Time Idaho FFA Association Executive Director Position. This component would restore a position that ended in 1982. Since then, membership and opportunities for students has more than doubled. This position could come through the Agricultural Research and Extension at U of I. The full time FFA investment needed would be \$150,000, and would pay for the position, provide benefits, office space, travel budget and support staff.
3. Expand Statewide Professional Development and Mentoring Program. This component would create a strong mentoring program through the U of I Research and Extension Center and addresses the teacher turnover. There are very few students coming out of the university that will teach agricultural education. This is due in part to the competitive nature of the agricultural industry, and the numerous opportunities as they come out of college. They have lost the young agricultural education teachers during the second to seventh year. Some are moving out of state, or going into industry, and some because of the lack of budgeting and challenges they experience in the classroom. This component would provide a way to keep these teachers up to date, support them and get them through the difficult years. The investment needed is \$125,000 and could happen through the U of I education budget.
4. Implement the Idaho Quality Program Standard Incentive Grants. This would require new statute in Idaho Code and there is legislation currently pending that will provide a statewide benchmark for all agriculture and natural resource education programs. This would provide an additional \$10,000 for certified instructors that meet the standard for use in their classroom or program. This is not used for teacher compensation or teacher benefits. This is program improvement money, to purchase new equipment, increase technology provided to students, and it is specific to local control and needs,

so they can get what is needed for the individual program. The incentive investment needed for fiscal year (FY) 2015 is \$504,000; \$1.3 is the million annual maximum over time.

5. Start up Grants. This component is seeking individual \$25,000 grants for programs just getting started in local school districts to begin or reestablish an intra-curricular program. Grants needed - \$100,000 annually.

Shawn Dygert stated that there are many outside supporters of this program, with local agricultural businesses involved with the local programs. Most of these companies provide the support needed for the extra curricular activities outside the classroom. What is requested through this initiative is funding for things that will support every classroom. The total Agricultural Education Initiative investment needed from the State would be \$1.5 million FY; \$2.3 million annual maximum over time.

Chairman Bair said he will be reviewing this with the Committee and presenting before JFAC and should be supporting the program.

PRESENTATION: **Chairman Bair** introduced **Garth Taylor**, University of Idaho, who presented the annual Contribution of Agriculture to the Economy presentation. He began by introducing Steve Hines, Extension Agent from Jerome, and Ben Eborn, Extension Agent from Briggs. Highlights of the financial conditions of Idaho Agriculture for 2013, include:

- Record high cash receipts for the third consecutive year.
- Cash receipts from sale of crops and livestock are projected to be \$7.82 billion, a 3 percent increase over 2012, making Idaho the third-largest agriculture state in the West. Agribusiness is the largest industry.
- Record cash receipts from the five major commodities: milk, cattle and calves, barley, dry beans and potatoes.
- Idaho ranks first in U.S. production of potatoes with cash receipts of \$965 million, wheat follows with \$732 million and hay with \$539 million.
- Milk production ranks third in nation, and is the top source of cash receipts totaling \$2.57 billion. Cattle and calves are second with receipts totaling \$1.5 billion.
- Estimated net farm income in 2013 is virtually unchanged from 2012.
- Livestock cash receipts have surpassed crop cash receipts every year since 2001 (with the exception of 2009). In 2013, livestock cash receipts are estimated to be 55 percent of total cash receipts, outweighing crops by \$744 million.
- Federal government payments in 2013 are estimated at \$105 million, a decrease of 17 percent from 2012. These payments are predominantly for production support (50 percent) and conservation programs (38 percent).

Garth Taylor stated that growth in dairy and potatoes is due in large part to modern technology. U.S. income spent on food was below 10 percent. He stated that farming and food manufacturing had a slight increase in 2013, provides steady jobs, and is increasingly labor efficient. In 2012 there were 38,537 farm jobs, which is 4.3 percent of Idaho's total jobs and is up one percent from 2011. There were 16,087 food manufacturing jobs, which is 1.8 percent of Idaho's total jobs, up 2 percent from 2011.

He next discussed the Idaho farming and food manufacturing Gross State Product (GSP). Farming GSP was forecasted to be \$2.6 billion, 4.5 percent of Idaho GSP with an increase of 1 percent over 2011. Food manufacturing GSP was forecasted to be \$1.6 billion, 2.7 percent of Idaho's GSP, an increase of 5 percent over 2011.

The outlook for 2014 and beyond on the national and international level:

- Long run drive - Exports
- Weak dollar - cheap U.S. exports
- China now leading importer
- Ethanol demand leveling off
- Rising interest rates
- Farm income sensitive to interest
- Idaho will lose \$50 million from the Farm Bill with insurance replacing price supports
- Drought

The outlook for 2014 and beyond on the state level:

- Water shortages with severe drought
- Idaho food processing with the consolidation of potato processing and the incomplete expansion of Chobani
- Changing export demand
- Land prices and land rents increase
- IRS Code §179 tax deduction change from \$500,000 to \$25,000 with fewer equipment purchases allowed
- Wealth effect

Garth Taylor introduced **Steve Hines**, who presented on the potential economic effects of a water call in the Magic Valley (MV). The MV currently:

- Accounts for over 50% of Idaho's farm gate cash receipts.
- Accounts for more than 25 percent of Idaho's GSP.
- Agribusiness creates over 33 percent of the MV is 89,000 jobs.
- \$2 out of every \$3 in sales are created by exports from agribusiness.
- Dairy processing accounts for over \$1 of every \$5 dollars of sales and 1 in 7 MV jobs.
- 70% of Idaho's dairy herd is in the MV and dairy cows outnumber people 2.5 to 1.

MV farm acreage of 905,000 acres grow a variety of crops, the largest being corn and alfalfa, that is grown to support their dairy industry. Of these 905,000 irrigated acres (42 percent by ground water sources), 380,000 acres could be affected by a 25 percent water call on ground water acreage. This could result in a 10 percent loss of total irrigated acreage and a \$109 million loss of farm gate receipts. This 10 percent cut of all crop acres and their potential effect on the MV economy would mean a potential loss of 900 jobs and a total of \$118 million.

Steve Hines said the estimated loss of a water call may even be too small and too hard to gauge because of the many unknowns. He did say that there are possible prevention tools that could be implemented which include: managed recharge, ground water to surface conversions, demand reductions of ground water use, weather modification, and funding CAMP projects.

ADJOURNED: **Chairman Bair** adjourned the meeting at 9:38 a.m.

Senator Bair
Chair

Denise McNeil
Secretary

AGENDA
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Tuesday, February 04, 2014

SUBJECT	DESCRIPTION	PRESENTER
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MINUTES: January 23, 2014

PRESENTATIONS:

Idaho Barley Commission Annual Report	Kelly Olson, Administrator
Idaho Wine Commission	Moya Shatz Dolsby, Executive Director
Idaho Rangeland Resource Commission	Gretchen Hyde, Executive Director

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Bair	Sen Nonini
Vice Chairman Guthrie	Sen Patrick
Sen Brackett	Sen Buckner-Webb
Sen Tippetts	Sen Ward-Engelking
Sen Rice	

COMMITTEE SECRETARY

Denise McNeil
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MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Tuesday, February 04, 2014
TIME: 8:00 A.M.
PLACE: Room WW53
MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippetts, Rice, Nonini, Patrick, Rohn (Buckner-Webb) and Ward-Engelking
ABSENT/EXCUSED: None
NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.
CONVENED: **Chairman Bair** called the meeting to order at 8:05 a.m.
PRESENTATION: **Chairman Bair** introduced **Kelly Olson**, Administrator of the Idaho Barley Commission (IBC), who presented the fiscal year (FY) 2014 annual budget report.

Kelly Olson was happy to announce that Idaho's barley crop was back on top with record high farm-gate receipts estimated at \$337 million, up 10 percent from 2012. This was Idaho's 4th largest cash crop and comprises 26 percent of the U.S. total barley production. Other highlights for 2013 include:

- 600,000 acres of barley were harvested, up 2 percent.
- The average yield was 93 bushels per acre, up 3 percent.
- Production was 55 million bushels, up 4 percent
- Barley acreage type planted was 78 percent malting, and 22 percent feed and food.
- 2014 malting barley contract prices are down about 7 percent.

She continued that of the total barley produced in Idaho today, 91 percent is produced in the southern and eastern regions. In the northern region, which produces feed and food for export and malting, production was at 9 percent, down from previous years due to challenges in that region. In the south-central region, producing only malting barley, production was at 65 percent, and in the eastern region, which produces barley for malting and food, production was at 26 percent.

Ms. Olson stated that the income for FY 2013 was \$451,420 and in FY 2014 it is projected to be \$701,245, due to the increase in the assessment rate. She talked about the challenges facing barley research, especially with the decline in public funding. In July of 2013, the IBC board decided to create a \$1 million Barley Agronomist Research Endowment at the University of Idaho (U of I) to fund a dedicated Barley Agronomist/Soil Fertility Professorship located at the Aberdeen Research and Extension Center. Over the next five years, the increase in the barley assessment from \$.02 per hundredweight to \$.03 per hundredweight will help to achieve this goal. This rate increase went into effect in July 2013 and will sunset after five years, unless the future IBC board votes to continue that rate.

The IBC increased research grant funding by nearly 150 percent from FY 2011 to FY 2014 to help shore up the operating budgets at the United States Department of Agriculture Agricultural Research Service (USDA ARS) Small Grains and Potato Germplasm Research Facility. They have facilitated research collaborations with Oregon State University, American Malting Barley Association, Busch Agricultural Resources LLC, and General Mills. She spoke about the other challenges facing the industry:

- A rise in the disease threat of the Fusarium Head Blight (scab) . This blight reduces yield and grain quality, and produces mycotoxins that cause brewing problems. The IBC organized the first-ever Fusarium Head Blight Western US Malting Barley Forum in January 2014. They have also created the Western U.S. Scab Research Initiative.
- Domestic beer sales were down 1.6 percent in 2013. The craft beer segment had robust growth but uses 21 percent less malt. The IBC will continue their strategic partnerships with major brewers and "maltsters", as well as focus on forging new alliances with craft brewers. They hosted barely field tours for craft brewers last May.
- Rising dietary health risks and demand for healthier food has the IBC funding development of heart-healthy high fiber barley, working on research with the private sector and sponsored seminars on formulating cereal products with barley.
- Rising market volatility increased producer risks. Record large 2013 grain crops pressured Idaho grain prices. 2014 outlook will be down as well. The IBC is sponsoring webinars and local workshops to educate producers on marketing, crop insurance and other risk management strategies. The IBC continues to lead the national effort to improve barley revenue crop insurance.
- Drought is a major concern as many companies have increased the amount of bushels they are contracting in 2014.

Ms. Olson stood for questions.

Senator Brackett asked about the research regarding the protein from barley being used for fishmeal in the aquaculture industry. **Kelly Olson** said it was the IBC that provided the original "seed money" to start this research about 15 years ago. Most of the research has been conducted in Hagerman at the U of I and ARS fish culture experiment stations, which, she said does "world-class" research. The IBC will have a report on this research at the Ag Summit. She said that due to how fish process barley, the pollution impact is the number one issue they are working on. They have been working on a process to extract the protein from the whole grain. Fish being carnivores, they are only interested in the protein. There should be excellent results in their research in the next five years or so, unless the water availability continues to be an issue. She said the barley starch could be used in the food industry or for fuel, so there would be no waste. The potential to have a small processing plant in Buhl/Hagerman area is in the works right now with a company who has a solid water permit. The main concern they have regards "proof of concept". They would like some sort of guarantee that after they make the capital investment, the process will really work to feed the fish without any adverse effects on them ten years down the road.

Senator Patrick said they should look at Filer for a processing facility because they have the resources that could work for them. He then asked what double haploid was. **Kelly Olson** answered that it was advanced genomics, not genetic modification. This process allows them to shorten the breeding cycle by at least 3 to 4 years. This is an extraordinary development, with the first double haploid barley lab in the country set up at Oregon State University with the funding of the IBC. The Capital Press published an article a couple of weeks ago about this venture.

PRESENTATION: **Chairman Bair** introduced Moya Shatz, Executive Director of the Idaho Grape Growers and Wine Producers Commission (Commission). **Ms. Shatz** said the primary objective of the Commission is:

- Marketing and promoting all Idaho wineries and growers;
- To be an education and information source;
- Participating in events;
- Community involvement; and
- Media outreach.

She continued that in 2013 Idaho had:

- 50 Wineries;
- 56 Vineyards;
- 4 new members;
- 1200 acres;
- 437,585 gallons of wine produced or about 170,000 cases of wine and;
- 3,800 tons of grapes harvested.

She stated that, as the industry continues to grow, there is a need for more and more grapes to be planted. The Commission continues to encourage people to grow grapes in spite of the drought. She shared that, when she was in California, she had been approached by people asking about the land prices and water, so she definitely sees the possibility of more people coming here to start wineries or grow grapes.

The promotions the Commission put on to showcase the Idaho wine industry are:

- Savor Idaho: 6th year held with 900 attendees in 2013, 209 wineries and 18 restaurants participating.
- Sippin' in the City: had 225 attendees with 14 wineries, 3 food vendors and 4 sponsors.
- Unwind at the Movies: held at the Egyptian theatre, 133 attendees, 10 wineries and catering by 3 Girls Catering.
- Wine Competition 2013: Idaho wines took Gold medals in numerous wines.
- June Idaho Wine Month: had 60 plus wineries participating this year. The Governor came out and signed bottles of wine at Albertsons. They partnered with Hayden Beverage and had over 150 Idaho wine displays around the State with 900 cases of wine on retail shop floors. This alone helped increase the Idaho wine business by 32 percent.
- Idaho Wine Restaurant Boot Camp: 19 restaurant members who participate in wine tours and various other activities that help educate and encourage them

to promote Idaho wine to their customers. They will be working with hotels soon to suggest wine tours as an activity to visitors.

The Wine Commission received a grant from the ISDA which was used for new marketing materials, commissioning artist Ward Cooper to do 5 posters, and for advertising on a new billboard on Exit 33A going towards Caldwell. Their websites and social media sites are becoming more and more active with lots of visits, and the wine industry has been featured in a few different wine and travel magazines. Along with the Division of Tourism and Southwest Idaho Travel Association (SWITA), they hosted a tour of the wineries for several media, journalists and bloggers. With all of their marketing efforts, the Idaho Wine Commission has been very successful in their promotion of Idaho wines. **Moya Shatz** finished her presentation by showing the Committee their latest promotional video which will be entered into Wine Spectator, one of the largest consumer publications. She encouraged everyone to share the video. She stood for questions.

PRESENTATION: **Chairman Bair** introduced **Gretchen Hyde**, Executive Director of the Idaho Rangeland Resource Commission (IRRC), who presented her annual report. **Ms. Hyde** reported on the budget and directed the Committee to the financial statement.

She stated that their revenue has remained static for the last 16 years. The total revenue for (FY) 2013 was \$267,200. The IRRC is funded by the mandatory assessments to owners of dry grazing land, and fees on domestic cattle and sheep utilizing state and federal grazing lands. These assessments are 100 percent refundable, with the IRRC typically receiving requests for refunds totalling about \$3,000 to \$4,000 annually. Over the years, they continue to receive grants, and have started selling the collaborative publication from the U of I Rangeland Center via the IRRC website. This money is passed on directly to the University. They are also collecting money from the license plate program, which, she said, continues to increase more and more over the years.

The total expenditures were \$274,561. Currently, there are two part time employees. This year the IRRC expenditures exceeded their revenue. That made a difference of \$7,361, changing the beginning fund balance of \$266,871 to the ending balance of \$259,510. They typically keep a reserve of one year revenue.

Ms. Hyde said the IRRC board consists of 5 members and stated the goals of IRRC are to:

- Increase public understanding that Idaho's rangelands are a renewable source of important consumer products and environmental values.
- Provide information about the economic and ecological aspects of rangeland management practices.
- Promote public support for livestock grazing.
- Promote responsible rangeland stewardship.
- Advocate multiple use of rangeland resources.

The IRRC partners with the U of I Rangeland Center and provides continuing education workshops and classroom activities with a student rangeland assessment contest. Their website provides materials and books for the classrooms and for day hikers, as well as resources for ranchers. The Care/Share Campaign provided signs that alert the public to the various activities taking place on the rangeland. One significant project was the rangeland tours and symposium, to further educate and promote ongoing partnerships between the ranchers, conservations groups, and federal agencies. **Ms. Hyde** finished her presentation with a short video. She stood for questions.

ADJOURNED: **Chairman Bair** adjourned the meeting at 9:31 a.m.

Senator Bair
Chair

Denise McNeil
Secretary

AMENDED AGENDA #1
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Thursday, February 06, 2014

SUBJECT	DESCRIPTION	PRESENTER
RS22736C1	Relating to Agricultural Security	Senator Patrick
RS22780	Relating to the Dairy Environmental Control Act	Bob Naerebout, Idaho Dairyman's Association
S 1267	Relating to the Equine Education Account	Stan Boyd, Idaho Horse Council
	Food Safety Modernization Act (FSMA)	Pamela Juker, ISDA
	Discuss funding issues	Chairman Bair

COMMITTEE MEMBERS

Chairman Bair
Vice Chairman Guthrie
Sen Brackett
Sen Tippetts
Sen Rice

Sen Nonini
Sen Patrick
Sen Buckner-Webb
Sen Ward-Engelking

COMMITTEE SECRETARY

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MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, February 06, 2014

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippetts, Rice, Nonini, Patrick, Buckner-Webb and Ward-Engelking

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Bair** called the meeting to order at 8:00 a.m.

RS 22736C1 **Chairman Bair** introduced **Senator Patrick** who introduced **RS 22736C1**, proposed legislation relating to agricultural security. This legislation intends to protect property owners from wrongful entry and criminal trespassing, theft of records, obtaining employment by wrongful means, obtaining records of workplace activity without the owner's consent, and intentionally interfering with farming operations. He stood for questions.

MOTION: **Senator Rice** moved to send **RS 22736C1** to print. **Senator Brackett** seconded the motion. The motion carried by **voice vote**.

RS 22780 **Chairman Bair** introduced **Bob Naerebout**, of the Idaho Dairywomen's Association, who introduced **RS 22780**, proposed legislation relating to the Dairy Environmental Control Act. This legislation intends to repeal the sanitary provisions that are antiquated, unnecessary or are comprehensively addressed by the Idaho Department of Agriculture (ISDA). It also proposes to combine statutory requirements in Chapters 3 and 4 of Title 37 that relate to minimum standards for dairy product sanitary conditions, quality, identification, classification, and grade, and to enact a new Chapter 4 of Title 37 entitled the "Dairy Environmental Control Act". This will provide the ISDA comprehensive authority to regulate dairy operations to protect the State's water resources and to conform to the United States Department of Agriculture (USDA) and Idaho State Department of Environmental Quality. He stood for questions.

MOTION: **Senator Brackett** moved to send **RS 22780** to print. **Senator Buckner-Webb** seconded the motion.

Senator Nonini asked why Section 1, 37-301, was renamed Statement of Purpose. **Mr. Naerebout** introduced Dan Steenson, Attorney with Sawtooth Law Offices, PLLC, who responded that the existing code section is being repealed, and they used that opportunity to create this new chapter.

The motion carried by **voice vote**.

S 1267

Chairman Bair introduced **Stan Boyd**, representing the Idaho Horse Council (IHC), who introduced **S 1267**, proposed legislation relating to the Equine Education Account. This proposed legislation changes where the IHC sends funding, from the University of Idaho (U of I) Northwest Equine Reproduction Laboratory (INERL), now closed, to their Social Science Research Unit. This funding will be used to update the Idaho Horse Census Survey. The horse census survey, which is conducted every 3- 5 years, costs between \$40,000 to \$50,000 to complete. Any funds not used for the census study may be used for other U of I education or research projects by agreement of the IHC. Over the past 11 years, the IHC has given an average of \$26,300 per year to the University. Mr. Boyd stood for questions.

Chairman Bair asked Mr. Boyd what kind of information is gathered for the horse census. **Mr. Boyd** called on **Charlene Cooper**, Director of the IHC and Chairman of the Census Committee, who stated that the original bill intended to send money to the INERL and was always intended to be used for education at the U of I. This legislation would continue to direct the money to the U of I, but now for the purpose of the census update, which has been taken every 5 years since 1985. Since the Council is a nonprofit organization, this funding would be most helpful. Ms. Cooper stood for questions.

Chairman Bair introduced **Mark McGuire** Director of the Department of Animal and Veterinary Sciences, U of I, who said that since the closure of the INERL, his department has been using the funds to teach courses in horse science and equine management. They would like to continue to use any of the remaining funds after the census is taken. **Chairman Bair** asked if the department was okay with the funds being diverted to the census instead of education classes. **Mr. McGuire** responded yes, it was okay with them.

Senator Rice quoting from line 25, which states "each periodic update of the survey shall be initiated by the IHC in a negotiated contract agreed upon between the U of I Social Science Research Unit and the IHC". He said he is generally uncomfortable with language in statute regarding two parties having to "reach an agreement" without any standards of what the agreement is. He asked who does the actual census survey and who pays for this. **Mr. Boyd** responded that the Social Science Research Unit at the U of I receives the funding to conduct the census, which they perform for all domestic livestock and equine. The cost of a survey depends on the amount of data that is being requested. Surveys are periodically updated, usually every five-years, but if one is needed due to special circumstances, they could have it done earlier. Mr. Boyd directed the question to Charlene Cooper to better answer this.

Charlene Cooper responded that the Council negotiates the type and quantity of data they need in their surveys, and the U of I tells them how much it will cost. They have been doing the census updates at five year intervals to be line with the human census. This information is used in their population study. They use about 100 students to conduct the surveys which are done by telephone and mail.

Senator Rice asked how the money left over after the census survey is completed is transferred to the research department. **Ms. Cooper** responded that the money is under the direction of the Council, who directs the additional funds to be used at the University as well as the 4-H Club.

MOTION:

Senator Brackett moved to send **S 1267** to the floor with a **do pass recommendation**. **Senator Nonini** seconded the motion. The motion carried by **voice vote**. Senator Brackett will carry the bill.

PRESENTATION: Chairman Bair introduced **Pamela Juker**, Chief of Staff, Idaho Department of Agriculture (ISDA) who presented on the Food Safety Modernization Act (FSMA), a federal food safety reform bill. Ms. Juker said that FSMA:

- Was signed into law January 2011;
- Authorizes the FDA to promulgate the rules;
- Will have preventive, science-based controls;
- Will apply domestically and internationally;
- Will affect everyone from farm-to-fork; and
- Adoption and implementation will be by June 30, 2015.

She said the seven FSMA rules are:

1. Produce Rule. Provides standards for growing, harvesting, packing and holding of produce for human consumption. This rule deals with on farm activities related to Raw Ag Commodities (RAC). Producers are required to meet minimum water standards as set by the Environmental Protection Agency (EPA).
2. Processing Rule. Applies to current good manufacturing practices, hazard analysis, and risk-based preventive control for human food. Preventive controls would be required to include process, food allergen sanitation controls, and a written recall plan.
3. Feed Rule. Applies to the current good manufacturing practices, hazard analysis, and risk-based preventive control for animals. This is similar to the human food processing rule and requires facilities to put into place preventive controls to improve the safety of domestic imported animal food that includes: pet food, animal feed, and raw materials and ingredients.
4. Third Party Auditor Rule. Applies to the accreditation of third party auditors/certification bodies to conduct food safety audits and to issue certifications for foreign food and facilities. Provides assurances about regulated food from international trade into the U.S.
5. Import Rule. Creates foreign supplier verification programs for importers of food for humans and animals. Establishes a consignee or owner of imported food into the U.S. and assesses the third party auditors.
6. Intentional Adulteration Rule. Focuses on mitigation strategies to protect food against intentional adulteration that could cause large-scale public harm.
7. Transportation Rule. Applies to the sanitary transportation of human and animal food and applies to shipper, receivers and carriers who transport food in the U.S. by motor vehicle or train.

Ms. Juker said last summer the ISDA, in conjunction with other state agricultural departments, hosted a tour of the Pacific Northwest for the FDA to see the agriculture production and packing facilities here in Idaho. The FDA said they learned a great deal on this tour, and the ISDA hopes that it will influence them to revise portions of the produce rule, as well as the food and feed processing rules. The ISDA has spent a great deal of time reviewing the rules and commenting on them, but the FDA still has not provided an implementation, funding, outreach or education plan, or any other guidance tools to help work through this process. She said the time is fast approaching and the adoption of the final rules and regulations are planned for June 30, 2015.

She talked about the many questions the ISDA is struggling with:

- How will implementation work?
- How will FSMA be funded? The FDA will need to seek resources from Congress to support implementation, and they have very limited resources to conduct this work. So the ISDA cannot do any of this work without additional funding.
- What should ISDA's role be in the FSMA implementation? If their customers wanted them to have a lead role, how will ISDA pay for it?
- What should the ISDA's role be for education, outreach, and training? Resources would be needed to be able to do this.
- How can they be assured that the work done with their federal partners is complementary and not redundant and how should the duties be divided for inspections?

Ms. Juker finished by saying that the concern of the ISDA is, if they are to take the lead role, they will need training. They have been meeting with several stakeholders to discuss FSMA and to see how they would be affected by these new rules, and who they would want to implement this program. She thinks it would most likely be the Health and Welfare Department or the ISDA. She said there are many questions with no clear answers. **Ms. Juker** stood for questions.

Senator Brackett asked if the "recreation" water quality standard in the produce rule still stood. **Ms. Juker** answered yes. She believes that there will be some type of modification to that requirement based on scientific standards. Right now, this standard is based on an EPA guideline for recreational water and does not apply to an agricultural use standard. **Senator Brackett** asked if there would be another opportunity for comments before the final rules come out. **Ms. Juker** said they hope to have another opportunity. She said Director Gould had attended a national agricultural conference where the FDA was present, so they should have more information about this issue soon. They and other agriculture departments across the U.S. have made several requests for additional review time for all of these rules. **Senator Brackett** stated that this rule would be prohibitive and extremely expensive if held to that standard. He said it could require the canal water to be cleaned up.

Senator Patrick commented that if they don't change this rule, they will be importing food with no standards, instead of producing it. **Ms. Juker** said one major concern of the ISDA has been the water testing component and requirement in this produce rule. She touched on the comment from Senator Patrick regarding food importing and said that, right now, approximately 15 percent of all our food is imported. 50 percent of all our fruit and 20 percent of vegetables are imported. She emphasized that those burdens being placed on domestic agriculture should be placed equally on international agriculture for imports.

Senator Rice asked what was being done to make certain the USDA really understands that these particular water standards are inappropriate, not scientifically based for agriculture, and would do severe damage to our agriculture industry. **Ms. Juker** responded that the ISDA has voiced this issue very strongly as a state and as a member of the Pacific Northwest group. In the summer tour, it was a conglomeration of Idaho, Oregon, and Washington officials, as well as FDA officials and some university researchers. They had many tours of the canal and irrigation systems and saw first hand how the processes work. She felt that the FDA went away a better understanding of how business is done as far as produce and producing food here and in the Pacific Northwest.

Senator Guthrie asked if it could be possible that the standards that the Idaho agricultural industry are currently following be lowered to lesser standards by these new rules. **Ms. Juker** said she is not sure. She said the ISDA would be held to the standards that are in these rules. They have been discussing how to harmonize globally when standards do not mesh.

DISCUSSION: **Chairman Bair** discussed his Joint Finance Appropriations Committee (JFAC) presentation and a few of the agriculture related issues he will address:

1. Agricultural Research and Extension Service.
2. Agricultural Education Initiative.
3. Raven Control in the Fish and Game budget.
4. PCN Program.

Rich Garber, Director of Government Relations at U of I, spoke in support of the Agricultural Research and Extension Budget. The Committee discussed the other requests and agreed that recommending financial support for research was most important.

ADJOURNED: **Chairman Bair** adjourned the meeting at 8:55 a.m.

Senator Bair
Chair

Denise McNeil
Secretary

AMENDED AGENDA #1
SENATE AGRICULTURAL AFFAIRS COMMITTEE
3:00 P.M.
Room WW53
Monday, February 10, 2014

SUBJECT	DESCRIPTION	PRESENTER
<u>RS22864</u>	Relating to Agricultural Security	Senator Patrick
<u>RS22867</u>	Relating to Dairy Standards and Rules	Bob Naerebout, Idaho Dairywomen's Association

COMMITTEE MEMBERS

Chairman Bair
Vice Chairman Guthrie
Sen Brackett
Sen Tippetts
Sen Rice

Sen Nonini
Sen Patrick
Sen Buckner-Webb
Sen Ward-Engelking

COMMITTEE SECRETARY

Denise McNeil
Room: WW31
Phone: 332-1330
email: sagri@senate.idaho.gov

MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Monday, February 10, 2014

TIME: 3:00 P.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippetts, Rice, Nonini, Patrick, Buckner-Webb and Ward-Engelking

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

RECONVENE: **Chairman Bair** called the special meeting to order at 3:06 p.m.

RS 22864 **Chairman Bair** introduced **Senator Patrick** who presented **RS 22864** that replaces **S 1298**. The concern was language found in Section 18-7042.2.b, "Agricultural production facility" that refers to "public" lands. Some of the public land is actually multiple-use public land and this bill was not intended to restrict any access to that land. In Section 18-7042.1.d, new wording was inserted "that is not open to the public", which should take care of the issue of whether the land is multiple use that is open to public, versus public land that is leased strictly to an entity. Section 18-7042.2.a.viii was removed. He stood for questions.

MOTION: **Senator Rice** moved to send **RS 22864** to print. **Senator Guthrie** seconded the motion.

Senator Ward-Engelking asked **Senator Patrick** to explain the language in Section 18-7042.4, "such award shall be in an amount equal to twice the value of the damage resulting from violation of the section", and why it would be "twice the value of damages" as she had never seen this language before. **Senator Patrick** responded that he understood that this is standard language. He said that this is intended to be a penalty not just paying back what was lost. In some situations the damages can be millions of dollars. He said the intent of this legislation is to discourage this type of activity, not to collect any money.

The motion passed by **voice vote**.

Senator Ward-Engelking commented that she voted to have it printed. but was not sure if she would be in support of it later. **Chairman Bair** thanked her for her support.

RS 22867

Chairman Bair introduced **Bob Naerebout** who presented **RS 22867** which replaces **S 1299**, as it was decided that it needed to be two separate bills. One part deals with sanitation and the other part deals with environmental law. **RS 22867** is the portion dealing with sanitation, and this legislation is intended to repeal statutory provisions that are antiquated, unnecessary or are comprehensively addressed by the Idaho Department of Agriculture's (ISDA) rules. Some of the laws being repealed go back to 1909. It will also combine, into one chapter, the statutory provisions in Chapters 3 and 4 of Title 37 that relate to minimum standards for dairy product sanitary condition, quality, identification, classification and grade. This bill was approved by the ISDA and meets their concerns. He stood for questions.

MOTION:

Senator Tippetts moved to send **RS 22867** to print. **Senator Brackett** seconded the motion. The motion passed by **voice vote**.

ADJOURNED:

Chairman Bair adjourned the meeting at 3:14 p.m.

Senator Bair
Chair

Denise McNeil
Secretary

AGENDA
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Lincoln Auditorium
Tuesday, February 11, 2014

SUBJECT	DESCRIPTION	PRESENTER
MINUTES:	January 23, 2014 and January 28, 2014 for approval	Chairman Bair
S 1266	Relating to Honey	Benjamin Kelly, Idaho Honey Industry Association
S 1268	Relating to Animals - Trichomoniasis Testing	Wyatt Prescott, Idaho Cattle Association
S 1337	Relating to Agricultural Security	Senator Patrick

COMMITTEE MEMBERS

Chairman Bair

Vice Chairman Guthrie

Sen Brackett

Sen Tippetts

Sen Rice

Sen Nonini

Sen Patrick

Sen Buckner-Webb

Sen Ward-Engelking

COMMITTEE SECRETARY

Denise McNeil

Room: WW31

Phone: 332-1330

email: sagri@senate.idaho.gov

MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Tuesday, February 11, 2014

TIME: 8:00 A.M.

PLACE: Lincoln Auditorium

MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippetts, Rice, Nonini, Patrick and Ward-Engelking

ABSENT/ EXCUSED: Senator Buckner-Webb

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Bair** called the meeting to order at 8:04 a.m.

MINUTES: The Minutes from January 28, 2014 were presented to the Committee for approval.

MOTION: **Senator Brackett** moved to approve the Minutes from January 28, 2014. **Senator Tippetts** seconded the motion. The motion was carried by **voice vote**.

S 1266 **Chairman Bair** introduced **Benjamin Kelly** representing the Idaho Honey Industry Association, who presented **S 1266**, proposed legislation relating to Bees, Section 22-2510. This proposed legislation would allow for beekeepers, who bring non-Idaho hives into the State for indoor winter storage before moving them to another state, to be exempt from paying fees and taxes. They would still be required to register the hives with the ISDA. Changes to Section 22-2809 would replace the subsection lettering with numbering to be consistent with Section 22-2510.

Mr. Kelly added that Idaho beekeepers play a major role in the pollination of many fruit tree crops in California. Some out-of-state producers feel that the geographical position of Idaho is ideal to winter their bees and store them here, until it is time for pollinating crops on the west coast. With the availability of facilities and the care given by Idaho's beekeepers, these hives can be stored and kept dormant until it is suitable to move them to another state. This gives Idaho beekeepers an opportunity to make additional income during the winter. At their annual meeting, they decided to review and introduce language to clarify the issue of indoor winter storage of bees in Idaho. They are proposing that there be no fees or taxes imposed for the hive storage, but registration is still required to keep the ISDA apprised of these hives. This proposed legislation is the outcome of that meeting. He stood for questions.

MOTION **Senator Patrick** moved to send **S 1266** to the floor with a **do pass** recommendation. **Senator Nonini** seconded the motion. The motion carried by **voice vote**. Senator Nonini will carry the bill on the Senate floor.

S 1268 **Chairman Bair** introduced **Wyatt Prescott**, Executive Vice President of the Idaho Cattle Association (ICA), who presented **S 1268**, proposed legislation that will require mandatory testing for all bulls in Idaho. The ICA is a 100 percent voluntary, member-driven organization that represents cattlemen, who own approximately 1.75 million head of Idaho's 2 million head of beef cattle, which conducts all its business through a member-driven resolution process.

Mr. Prescott said this legislation will amend Title 25, Chapter 2, by adding a new Section 207 (c), that states that all virgin beef bulls not consigned to slaughter or to an approved feed lot within the state of Idaho, shall be tested for trichomoniasis (trich) annually. Currently, state rules allow for trich testing exemption for bulls north of the Salmon River. He said that this legislation would unify trich testing required throughout the State, preventing that exemption.

He further explained that trich is a venereal disease that causes abortion in cattle in the first and second trimester. It can be spread from an infected bull to a cow or from an infected cow to a bull. It spreads very rapidly which can cause damage before it is completely detected. An abortion is devastating for the cow/calf producer, whose primary objective is to produce a new calf. **Mr. Prescott** said that, after three years of intense discussion from the producers on both the north and south sides of the Salmon River, the ICA decided to make trich testing a priority because of the significant threat to the industry. He said their primary reason to have this solidified in statute was that it is a major concern for the viability of the entire cattle producer industry.

He finished by paraphrasing a quote from Dr. Schneider, Department of Animal and Veterinary Science, U of I, who, after reading a study on this topic, commented, "...that while it is not known exactly the percentage or chances of contracting this disease, the study found that once it is contracted and not detected within the first year, there is a 70 percent chance of that producer going out of business..." **Mr. Wyatt** stood for questions.

Senator Tippets asked if the word "annually" is clearly defined in the rules. He asked if it refers to a calendar year or 12 months from the date of testing. **Mr. Prescott** responded that it is defined in the rules which states that testing is required to be done before a certain date every year.

Senator Nonini said he appreciated the time **Mr. Prescott** has taken to work with him on this matter. He read from an email he received from one of his constituents, which prompted **Senator Nonini** to ask **Mr. Prescott** to explain why the testing would be necessary for the small ranchers who do not use outside bulls on their ranches.

Mr. Prescott stated that, because of the testing exemption up in the northern areas, the prevalence of the disease is unknown at this time. He did acknowledge that there are some smaller producers who are not dependant on livestock production for their primary source of income. There are some producers who require all their cows to come back bred every year to make ends meet. In response to this particular rancher, he emphasized, that even though he is a smaller producer, the potential is still there for his herd to catch trich from a neighboring herd. The biggest concern they have, is that it goes undetected in a herd and then spreads before it is controlled.

Senator Nonini asked what the cost would be for a small producer. **Mr. Prescott** stated that this test can be between \$25 - \$50 per bull. He said that many producers conduct a breeding soundness exam annually to have the bulls tested for fertility and they could do the test at the same time.

Senator Brackett stated that trich testing has been around a long time in southern Idaho, and has been a very successful program due to the education and outreach conducted. He said that Idaho was one of the leaders in this testing program, and he understood that, following Idaho's example, many other bordering states have adopted this testing program as well. He asked about the status of those states. **Mr. Prescott** responded that Washington and Montana's rules are very similar to Idaho's rules. Wyoming has a similar rule that is run county to county, and Oregon is making a push to try and develop a trich task force and make their rules similar to Idaho's.

Senator Brackett commented that northern Idaho could essentially end up being an "island" within the Northwest. **Mr. Prescott** agreed and said that was true, because Washington and Montana are following the same requirements as southern Idaho.

Russ Hendricks representing the members of the Idaho Farm Bureau, whose members, after a full vetting of this issue through their policy process, are in support of **S 1268**. He stood for questions. **Chairman Bair** asked him how the cattlemen from north Idaho responded to this issue. **Mr. Hendricks** said they participated through the process, the issue was fully discussed on the local and state level, there was a little debate against, and a lot of debate for and in the end the policy was adopted.

Chairman Bair introduced **Jared Brackett**, who stood in support of **S 1268**. He next introduced **Nathan Noah**, of Noah's Angus Ranch in Cambridge, Idaho, who said that his family ranch is situated in Washington County, and the proximity puts them in contact with untested bulls. He stated that trich puts them at financial risk, as well as the other cow-calf operators in the State. He and his family are in support of **S 1268**. He stood for questions.

Chairman Bair introduced Julie Kerner from Weiser, Idaho. **Ms. Kerner** and her husband own of a diversified cattle and a custom feeding operation in Washington County. She is serving as president of the Weiser River Cattle Association, whose members are in support **S 1268**. She said the affect of trich on the local companies that do business with the cattle industry can be devastating if a rancher goes out of business. She said rural businesses are dependent on them for their livelihood. She stood for questions.

MOTION

Senator Brackett moved to send **S 1268** to the floor with a **do pass** recommendation. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**. Senator Brackett will carry the bill on the Senate floor.

S 1337

Chairman Bair introduced **Senator Patrick**, who introduced **S 1337**, proposed legislation relating to agricultural security, which is intended to stop the intentional interference of farming operations, to protect dairies, farms, and ranches from wrongful entry and criminal trespassing; from the theft of records, which he added, has occurred in the seed industry; from obtaining employment by wrongful means; or from taking pictures or recording activities without the owners knowledge or consent (eliminating "staging" an event). He said welcomed all those who came to testify, and to have this bill fully vetted to eliminate any misconceptions. **Senator Patrick** said this proposed legislation also includes definitions, penalty information, as well as a severability clause.

He introduced Dan Steenson, of Sawtooth Law Offices, PLLC, to explain the legal aspects of this bill. **Mr. Steenson** explained that, at the request of the Idaho Dairymen's Association (IDA), he wrote this legislation for the dairy farmer, with the thought of how it could apply to the other agricultural associations, farmers and ranchers he represents. He reiterated that the intent of the bill is to protect Idaho farmers from wrongful interference. He stated that farmers are uniquely vulnerable to interference by wrongful conduct and have the same right to privacy as everyone else, and since the beginning of this process to create this bill, more and more farmers have seen a significant increase in threats.

Mr. Steenson emphasized that "Idaho dairymen have nothing to hide", and are very committed to preventing cruelty to farm animals. They care for their own animals with a sense of moral obligation and know that proper care of their animals, leads to a higher quality and volume of dairy products that feed the world's expanding population. The IDA provides programs for animal care, education and verifiable self-regulation to their members. He stated that, although the State of Idaho protects animals from cruelty through provisions of Title 25, Chapter 35, their authority to investigate animal cruelty is not absolute, and that entry to a farm to investigate animal cruelty requires either a regulatory basis for the inspection, consent or a warrant.

Mr. Steenson said he patterned the bill after the existing statute, Idaho Code §18-7040, Crimes and Punishments, Interference to Agricultural Research, and included language from Idaho Code §21-213, Aeronautics, Chapter 2, State Law for Aeronautics, 21-213, that pertains to the use of drones and the right to privacy and security. Components of the proposed Section 18-7042, Subsection 2 (a), "agricultural production", were taken from Idaho's Right to Farm Act. He said the definition in the proposed Section 18-7042, Subsection 2 (b), "agricultural production facility", was patterned after the "agricultural research facility". He spoke to the concern around the language in this definition, specifically the wording of "...land, whether privately or publicly owned..." , and agreed it was too broad a definition. In order to make the bill appropriate to constitutional concerns and enforcement issues, they modified the language, and Section 1 (d) "Enters an agricultural production facility that is not open to the public and, without the facility owner's express consent or pursuant to judicial process or statutory authorization..." should cover those circumstances where someone might have access to this production facility that is situated on open, public land. There were also changes per the recommendations of Deputy Attorney Brian Kane, as well as his opinion that the bill was constitutional, and did not impinge upon free speech.

Mr. Steenson said, given the breadth of this legislation, the penalty provision was lessened to a misdemeanor, which is the lowest offense under the animal cruelty statutes. The restitution provision refers to an existing code section, which give the judge instructions on how to determine and assess restitution. The severability clause was added to assure that, if any provisions are declared invalid, the remaining portions will not be affected. The emergency clause was added so that this act would be in full effect on and after it's approval. He stood for questions.

Senator Brackett commented that, in his tours of various agricultural facilities, he was required to either wear plastic over his boots or have a foot wash prior to entering the facility. He wondered if Mr. Steenson knew why. **Mr. Steenson** said he was not sure, and wondered if it was to keep your boots clean and from spreading disease. **Senator Brackett** replied that with unauthorized entry in livestock facilities, as well as crop fields, that diseases could be brought in and organisms could be spread around.

Senator Ward-Engelking asked if this bill would prevent an employee from reporting abuse, and if the employee photographs an abuse, does this impact the recording. **Mr. Steenson** replied that while it prohibits filming in the facility, it does not stop an employee from reporting abuse to the proper authorities. If an employer prohibits recording and does not consent to it, then yes, it would be impacted.

Senator Nonini said he saw the video, and the abuse he saw was very alarming. He asked if he had any details on the workers committing the abuse. **Mr. Steenson** replied that he understood them to be workers and not imposters and that their conduct was not condoned or known by the owner of that facility, who then took immediate action. **Bob Naerebout**, Executive Director of the Idaho Dairymen's Association, answered that the five employees responsible were fired after ISDA did their investigation. He said arrest warrants were issued for three of them, one was prosecuted and found guilty.

Chairman Bair introduced **Roger Batt** representing the Idaho Eastern Oregon Seed Association, who is in support **S 1337**. **Mr. Batt** said this bill adds a "much needed" layer of protection for the seed producers against the anti GMO activists seeking to destroy seed crops destined for other countries, steal research documents, or video application of pesticides. There is much concern in their industry, and they have been urged to take security measures against these similar threats. He thanked the Committee for having a hearing on this legislation. He stood for questions.

Chairman Bair introduced **Lisa Kaufmann**, Idaho State Director of the Humane Society of the United States, who spoke in opposition to **S 1337**. She stood for questions.

Chairman Bair introduced **Matt Domiguez**, Public Policy Director, Humane Society of the United States who spoke in opposition to **S 1337** as it jeopardizes food safety, worker's rights, and animal welfare. He stood for questions.

Senator Tippets said that the language in Section 1 (d) says it is legal to make audio or video recordings pursuant to judicial process or by statutory authorization. He asked who were these investigators working for if they were not working for a law enforcement agency. **Mr. Domiguez** said most of the investigations that expose animal cruelty are not done under the guise of law enforcement, and said the investigator was a legitimate employee of Bettencourt Dairy, who, upon his investigation, turned his video over to Mercy for Animals, an animal welfare protection group. They (typically) work with law enforcement agencies once they have gotten the undercover footage.

Senator Patrick asked who is paying this "professional investigator" who found the abuse at the dairy, and does he get paid only if he finds abuse. **Mr. Domiguez** responded that he could not speak for Mercy for Animals and their practice, he did say that there is no agenda to find abuse by the investigators his organization uses. The only misrepresentation would be the affiliation to an animal welfare group on the job application.

Senator Rice asked how the sites to investigate are selected. **Mr. Domiguez** responded that he does not work on the investigation side, and, for the safety of their employees, he doesn't know how or when they are being done. He did say that the investigations are not targeted. Most of their investigation are at large-scale industrial farms. They have not done any at small or medium size facilities. He said he would take any questions back to his investigation department to get answers.

Senator Rice said he was interested in getting specific criteria on how these investigations were conducted.

Senator Nonini asked if there were any specific incidences in Idaho that his organization is aware of and would consider investigating. **Mr. Domiguez** said he knew of none. He reiterated that the investigation was done by Mercy for Animals, and he is not aware of any investigation taking place at this time.

Senator Patrick asked if he knew how much money Mercy for Animals paid to have this investigation done, and did his organization pay to get a copy of the video. **Mr. Domiguez** said he could not speak to Mercy for Animals, but in his organization, the investigators are not paid by what they find or by the video they provide. The video they acquired was given so that they could make a TV ad and was not paid for.

Chairman Bair asked the Committee to stay until 10:30. He told the audience that any testimonies would be limited to 3 minutes.

Chairman Bair introduced the following people who spoke in support of **S 1337**:

- **Brent Olmstead**, Executive Director of Milk Producers of Idaho. His members do not want to be targeted by these agricultural activists with an agenda. He personally knows Mr. Bettencourt and said that had that employee gone to him regarding this abuse, it would have been handled the same. Abuse is simply not tolerated. It is counterproductive to their business.
- **Sid Freeman**, Canyon County farmer, who is concerned for the safety of his family and employees, and for the economic viability of his operation
- **Elizabeth Criner**, representing the Northwest Food Processors Association (NWFPA), who said this bill will provide appropriate protection for the food processing facilities that may be targeted by activists who could fraudulently gain access to the businesses with the express purpose of causing damage. There are concerns regarding food safety as well.
- **Terry Jones**, a small family farmer from Emmett who is permitted for Concentrated Animal Feeding Operation (CAFO) use. He said his tenant was subjected to a cascade of regulatory complaints and evasive oversight, with complaints about flies, odors, noise, traffic, animal disposal, pollution, disease, waste handling and animal abuse to name a few. He was subjected to dozens of frivolous complaints with the intent to shut his operation down. His CAFO had a payroll of over \$600,000 and generated over \$6 million in revenue. He said it was all gone due to regulatory terrorism.
- **Dan Gilbert**, a dairyman from Eastern Idaho who came to show his support.
- **Lou Magurdio**, a dairyman who spoke about the importance of taking care of his animals that are the economic drivers to his success. He is also a farmer, that struggles with the ever increasing amount of people he needs to farm around.
- **Jared Brackett**, President of the Idaho Cattlemen's Association, said this bill is important legislation that will protect all of Idaho agriculture. Without this, the entire industry is at risk, with property rights jeopardized, and the risk of feed contamination by fraudulent employees with an agenda. The anti-animal agricultural agenda goes to great lengths to misrepresent the industry to the public without sufficient credibility, leading consumers away from their product. Activists have been known to attack retailers and distributors, blackmailing those who continue to use or market a product of a targeted producer.
- **Russ Hendricks**, Idaho Farm Bureau Federation, said it is the duty of the State to provide laws and penalties for those that would intentionally do harm to someone's business or property. He said it was no coincidence that there have been similar laws enacted across the nation. The activities of the activists have been increasing, and have become more aggressive and brazen, even desperate. He said this once cottage industry has become big business and has millions at stake. They create sensational headlines to keep donations flowing in, without ever really addressing any real or imagined problems. This evidence was not immediately turned over to the authorities, but instead was held (sometimes for months) and then turned over to the media, timed for optimum viewing and

opinion of the public. He finished by saying that it's the illusion of problems that pays their salaries.

Senator Rice asked if he knew how long the video was held. **Russ Hendricks** said he did not have that information.

- **Jim Lowe**, Food Producers of Idaho, said he would not repeat the good testimony heard today, but that he would say, that across the spectrum of their membership, they strongly support this bill.
- **Travis Jones**, Executive Director of the Idaho Grain Producers, said his organization does not have any specific policy yet regarding agriculture security, but grain farmers are concerned about this issue and give their support. He said that grain farmers have not experienced the same kind of targeted, deceptive, and malicious acts as the livestock industry and its production facilities. They recognize the threat, however. He said that some farms in other states have been dealing with activists filming on their farms over the GMO issue, even going so far as to destroy them. He stood for questions.

Chairman Bair introduced the following people who spoke in opposition of **S 1337**

- **Marty Durand**, representing the Idaho Building Trades Council, a labor organization in the construction industry, said that this bill would prohibit labor unions from organizing at non-labor job sites, a right protected by federal law. She feels this would stop the whistle-blowers from reporting unsafe working conditions or product defects. She stood for questions.

Senator Rice asked how would this bill prohibit any union organizing activities. **Ms. Durand** said there are union organizers that go on to job sites as employees, to organize a union, and this activity is protected by law. **Senator Rice** asked her to point out the section in the bill that prohibits that activity. **Ms. Durand** said the bill does not specifically say union activity, but could be interpreted as harmful by the employer to allow this activity.

Senator Nonini asked her to point to the part of the bill that references not being allowed to take videos for reasons of safety violations, such as a blocked fire door. **Ms. Durand** referred to Section 1 (d), and said this could be interpreted to include any safety violations.

Senator Nonini asked for Mr. Steenson to provide a response to this question as well, and if he agreed with Ms. Durand, that the bill prohibits reporting safety violations. **Mr. Steenson** replied that it does not prevent reporting any safety violations either to an employer or the authorities. All that is prohibited is the taking of an audio or video recording, without the consent of the owner.

- **Monica Hopkins**, Executive Director of the American Civil Liberties Union (ACLU), said this bill would restrict an employee's right to freedom of speech, with video taping being a form of content restriction. She also said that employees would not report abuses out of fear of potentially committing a crime. She said there are enough laws on the books that deal with these issues which would only further burden the over taxed public defense system. She stood for questions.

Senator Rice asked what the position of the ACLU is on requiring people to have the owner's permission to have video recordings made on their private property and wouldn't this violate the 4th Amendment. **Monica Hopkins** said she would have to consult with her attorneys to get an answer to that question. She said their concern is that even on private property, people have that overriding 1st Amendment right. **Senator Rice** asked for an explanation about a picture being a 1st Amendment expression and what the connection is between saying something and being able to take a picture of something. **Monica Hopkins** said the 1st Amendment was written broadly to cover not only the speech that comes out of mouths, but expressions in various forms (photos, paintings, videos).

- **Julie Hart**, representing the Idaho Press Club, asked for consideration of their three concerns: 1) The "One Party Consent" law regarding recordings, 2) video distribution and the liability, fines or penalties for the reporter or news station that reports on or distributes the video, and 3) and consider author, Upton Sinclair's book, "The Jungle", and that style of reporting.

Senator Rice asked Ms. Hart to point to the section of the bill about reporters who receive information. **Julie Hart** said in Section 1 (d) as well as Section 3 could be interpreted as such.

- **Courtney Washburn**, representing the Idaho Conservation League, spoke about the bill criminalizing whistle-blowers who may expose environmental regulation violations and deter citizens from making complaints about agricultural operations. She is also concerned with Section 2 (b) regarding public lands. She asked if a person on public land who is photographing the facility on leased public lands be able to be prosecuted.

Senator Patrick said the State owns land in downtown Boise. He said it is highly unlikely that those businesses leasing that property would not allow a person to come in and start filming their operation without permission. He asked for her opinion on that scenario. **Ms. Washburn** responded that she meant federally protected lands, not commercial properties owned by the State.

Vice Chairman Guthrie asked Ms. Washburn if she saw anything in the legislation that would prevent an employee from reporting an inappropriate activity to the proper authorities. **Ms. Washburn** said that she believed that this was covered in previous testimony.

- **Ron Bright**, a concerned citizen, spoke to the dairy practices that have continual 24/7 production, and that an owner should want to monitor their own farms to make sure proper practices and procedures are being met. He feels this bill does not look after the welfare of the cattle.
- **Peter Brockett**, a concerned citizen, said the video recording from the Bettencourt Dairy proves that these types of investigations are necessary to stop the abuse. He said that he heard that the "ag gag" bill in Utah has been challenged and on the 1st and 14th Amendment and other grounds, and is in court right now. He thinks Idaho should wait for the outcome of this lawsuit to determine the constitutionality of the bill.
- **D. Monsees**, a concerned citizen, whose main concern involves protection for whistle-blowers.
- **Sue Brooks**, a concerned citizen, said the bill was redundant and Idaho already has similar laws. Animals need to be protected.

Chairman Bair introduced **Bob Naerebout**, Executive Director of the Idaho Dairymen's Association, who said that a good part of his talk had been covered by other testimonies, but that he wanted to address a question Senator Rice had asked. He said the employee that was working for Mercy for Animals, started his employment at the Bettencourt Dairy on July 29, 2012, and worked there until August 17, 2012, when he was pulled off the dairy. They thought "he was compromised", which **Mr. Naerebout** said was a exact quote. It's his belief that this investigator was hired by Mercy for Animals, and was not a freelance job when he started at the dairy. Mercy for Animals gave the ISDA notice on August 17, 2012. They all had a meeting on the following Monday, August 20, 2012, and on Tuesday, Mr. Bettencourt, accompanied by Mr. Naerebout, was shown the video. By Friday, August 24, 2012, ISDA did a thorough investigation, and within a week, they issued three arrest warrants. The video was not released to the public until around October 10th or 11th, 2012. The email responses (copies provided to the Committee), started coming in to Mr. Bettencourt around the 12th of October.

Mr. Naerebout said the board members were well aware of the public's reaction to this proposed legislation. This legislation is not redundant, is not covered under any of the other laws but "adds strength and adds teeth" to the current laws. Currently, the ISDA does about four inspections annually at the dairies, and he spoke of an incident where the inspector reported the owner, who ended up serving jail time, all without any video. The ISDA also provides a hotline for reporting issues, either animal cruelty or environmental issues. **Mr. Naerebout** said he has made three complaints himself, some actually initiated by fellow dairymen who contacted him. He reiterated that the system "does work" and is already in place. This will provide protection from those activists who have an agenda.

Mr. Naerebout called attention to the barrage of threatening emails, and pointed out one where they received an apology, and another where a contractor working at the dairy said it was a set-up by the activist group. There were also threatening letters to a cheese processor. In closing, he pointed out the letter from Mr. Bettencourt, who was warned about being made the poster child, but stated that the risk was worth it, if he could protect others from what he has had to endure.

Chairman Bair introduced **Senator Patrick** who stated he was pleased with the meeting and discussion. He talked about undercover investigators with these videos, and the fact that farmers are being persecuted, tried and prosecuted in the press. There needs to be due process with the right to prove if the video is accurate. He said this bill is not just for the dairymen, but will provide security for all agricultural industries by protecting crops, animals, and proprietary information.

Senator Tippetts asked that the minutes reflect his declaration of a potential conflict of interest, as his current employer manufactures commercial fertilizers.

MOTION

Senator Rice moved to send **S 1337** to the floor with a **do pass** recommendation. **Senator Tippetts** seconded the motion.

Senator Nonini said their questions were adequately answered and he will be supporting **S 1337**.

Senator Ward-Engelking supports the intent of the bill and is equally worried about activists that have an agenda, but said the bill was too broad.

Senator Rice said this was a property issue, that people have the right to privacy, that it is not an infringement on the 1st Amendment for a person to be able to control the actions of people who come onto their property, with or without permission. This is one of the fundamental things that makes America, America. He supports the bill.

Vice Chairman Guthrie said that we need to protect against others that are given authority that exceeds law enforcement or regulatory departments. He is in support of the bill.

The motion carried by **voice vote**

ADJOURNED: **Chairman Bair** adjourned the meeting at 10:45 a.m.

Senator Bair
Chair

Denise McNeil
Secretary

AGENDA
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Thursday, February 13, 2014

SUBJECT	DESCRIPTION	PRESENTER
MINUTES:	January 28, 2014	Chairman Bair
GUBERNATORIAL APPOINTMENT	Confirmation Hearing for State Soil and Water Conservation Commission - Mr. Leon Kyle Slichter	Chairman Bair

PRESENTATIONS:

Idaho Trade Office Managers Report	Laura Johnson, ISDA Armando Orellana Villers, Idaho-Mexico Trade Office, ISDA Eddie Yen, Idaho-Asia Trade Office, ISDA
Idaho Soil and Water Conservation Commission, Annual Report	Teri Murrison, Administrator

Page Presentation: Jacob Price

COMMITTEE MEMBERS

Chairman Bair
Vice Chairman Guthrie
Sen Brackett
Sen Tippetts
Sen Rice

Sen Nonini
Sen Patrick
Sen Buckner-Webb
Sen Ward-Engelking

COMMITTEE SECRETARY

Denise McNeil
Room: WW31
Phone: 332-1330
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MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, February 13, 2014

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippets, Rice, Nonini, Patrick, Rohn (Buckner-Webb) and Ward-Engelking.

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Bair** called the meeting to order at 8:02 a.m.

INTRODUCTION: **Chairman Bair** introduced Senator Troy Rohn, a substitute Senator for Senator Buckner-Webb in her absence. He is a professor in the Biology Department at Boise State University.

MINUTES: The Minutes from January 23, 2014 were presented to the Committee.

MOTION: **Senator Nonini** moved to adopt the Minutes from January 23, 2014. **Senator Ward-Engelking** seconded the motion. The motion passed by **voice vote**.

GUBERNATORIAL APPOINTMENT: The Committee will consider the appointment of Leon Kyle Slichter, of Grangeville, Idaho, to the Idaho Soil and Water Conservation Commission. He is to serve a term commencing January 22, 2014, and expiring July 1, 2018. The motion for recommendation of confirmation will be made at the next Committee meeting on Tuesday, February 18, 2014.

Senator Bair introduced **Mr. Slichter**, who said he is a 5th generation agriculture producer. He is married and has four children and six grandchildren. He has served on the local district board for 21 years, the last 6 as the Chairman. He is interested in agriculture and conservation. He said that less than 2 percent of the population of the U.S. is involved in production agriculture, so it is very important to be well represented. **Chairman Bair** asked him what he thought was the most important and pressing issues with the Soil and Water Conservation Commission. **Mr. Slichter** said communication and education are the most important issues.

Chairman Bair thanked him for coming and said the Committee will take his appointment under consideration at the next meeting.

PRESENTATION: **Chairman Bair** introduced **Laura Johnson**, Bureau Chief, Market Development Department, Idaho State Department of Agriculture (ISDA) who introduced Armando Orellana, Office Manager of the Idaho- Mexico International Trade Office.

Ms. Johnson said this was the perfect time to present today, especially with the final 2013 export statistics just released. She said that agriculture exports had set another record for the 3rd year in a row and credited the strategic trade offices set up in China, Taiwan, and Mexico. They have developed tremendous relationships with buyers in their regions, as well as the export community in Idaho. She said they are the "boots on the ground" to assist Idaho companies. This year the Mexico office is celebrating their 20th anniversary of service.

Mr. Orellana began his presentation by saying that Mexico's economy is making a steady come back. Their government just passed some very important reforms through their constitution putting Mexico to the forefront of many countries of Latin America. The Moody Investment Firm just raised them to an A rating, the only other country besides Chile with that rating.

Mr. Orellana said the main objective of the trade office is to help the Idaho Department of Commerce and ISDA generate jobs in Idaho through exports. His office does market research and develops contacts with companies and organizations in Idaho, helps exporters know "who's who" in the markets, and how they can get their products into Mexico. They also help to find clients, distributors, and importers in Mexico, who help them to understand the restrictions and processes needed for exporting their products.

Mexico Overview for 2014:

- Real Gross Domestic Product (GDP). A 3.1 percent growth will help the economy and buyers.
- Energy and telecommunications reform. Will allow Mexico to accept private investments (Shell and Mobile) in the oil monopoly company in Mexico.
- Financial and political reforms. These will help to move the country in the right direction.
- Sound macroeconomic stability. The peso is stable, with more predictability, making companies able to plan better, and to be able to purchase products from abroad. Their peso exchange rate is stable and predictable too.
- Inflation at 3.6 percent. This is still an issue, but is much more manageable than before.
- Insecurity. The Mafia and drug cartels are still an issue in security, but the military and government are stepping up to combat this. Travel is not the problem it was before.

Trade and Project 60:

- High Desert Milk. In the past few years, they have been working with and promoting Idaho dairies and had \$1.5 million in sales last year.
- Clear Springs Foods. Farm trout exports with \$300,000 in sales last year.
- Bean Seed. A major industry that Mexico has helped to promote with field testing and seed trials, with \$200,000 in sales last year.
- Their office participated in events related to Idaho's top sectors: the mining convention; the hi-tech convention; bean seed field days; Latin American dairy show; wheat, bean seed retail buyers visit; and agriculture machinery, processed food, and lumber.
- Introduced buyers from Mexico, who in turn could assist in exporting their products.

Bilingual promotional materials include:

- Bean Seed Guide
- Idaho Dairy Industry Guide
- Newsletters on Idaho's selected industry segments

Tourism and Education:

- Assistance to University of Idaho and Lewis-Clark College for students recruiting.
- Intern program.
- Promotion through social networks.
- Contacts with tour operators.

Mr. Orellana stood for questions.

PAGE

PRESENTATION:

Chairman Bair thanked the Agricultural Affairs Committee page, Jacob Price, and presented him with a gift and letters of recommendation. **Jacob** thanked the Committee for the opportunity and gave a short speech on his future endeavors.

PRESENTATION:

Chairman Bair introduced **Ms. Johnson**, who introduced Eddie Yen, Office Manager of the Idaho-Asia International Taiwan Trade Office.

Eddie Yen said the Taiwan office was established in 1989. He said that Idaho was "big" in Taiwan in 2013.

He gave an overview of Taiwan:

- Population: 23.2 million, and had less than 1 percent population growth.
- GDP: U.S. \$468 billion in 2013.
- GDP growth: 2.19 percent in 2013 and 3.6 to 5.4 percent estimated for 2014.
- Foreign reserves: U.S. \$417 billion, 4th in the world.
- U.S. exports to Taiwan: U.S. \$24 billion in 2012.
- Idaho's export to Taiwan in 2012: U.S. \$754 million - six times the U.S. National average per capita.
- Idaho's third largest export market: 14 percent of Idaho's total exports in 2012.

They continue to support the Project 60 program:

- The Governor's trade mission to Asia and Taiwan in April.
- Participated in five trade shows and assisted Idaho companies in exporting their products.
- Put on three investment seminars.
- Promoted tourism and education.
- Set up a wheat buying mission from Taiwan to Idaho.
- Produced industry specific group bi-lingual marketing materials.

In April 23 to 25, 2013, the Taiwan office hosted the Governor's Trade Mission to Asia and Taiwan. Governor Otter and the official delegation made nine trade dedications in one day. **Mr. Yen** said it was a "very, very long day" (14 hours). They visited Korea, Taiwan and Vietnam. 17 Idaho companies joined the mission, and over 70 meetings for participating companies were scheduled for one day. They signed the first Green Energy Memo of Understanding (MOU) with the Ministry of Economic Affairs in Taiwan. This MOU will focus on geothermal development. It is Taiwan's goal to develop green energy power for a total use of 20 percent by 2030. The Idaho Appreciation Reception was an opportunity for Governor Otter to meet with the president of the country. There were about 240 people who attended, and 12 local companies were presented a Valuable Partner Award (VPA) from Idaho companies.

He talked about the other promotional opportunities they participated in:

- June Food Show. Five companies joined. Especially loved was the new product, "cabernet ice wine", from Koenig Winery.
- Building Materials Show. Five companies joined the Idaho booth and attracted over 1000 visitors.
- Tourism/Jazz/Agriculture Promotions.
- Taiwan wheat buying mission. Taiwan signed a letter of intent with \$484 million for the next two year's purchases.
- Industry specific marketing. More bilingual industry specific brochures.

Mr. Yen said there are many promotional programs scheduled in 2014, and with the continuing teamwork, Idaho should be even bigger in the Asian market. He stood for questions.

PRESENTATION: **Chairman Bair** introduced Teri Murrison, Administrator of the Idaho Soil and Water Conservation Commission (ISWCC), who presented their FY 2014 Financial Accountability Report. **Ms. Murrison** introduced Ali Hardy, Board Clerk on PowerPoint, Jeff Burwell, State Conservationist for the Natural Resources Conservation Service (NRCS), and Benjamin Kelly, of the Idaho Association of Soil Conservation Districts. She included Conservation Commission Chairman Norman Wright, Commissioner Gerald Trebesch, and the newest Commissioner, Leon Slichter.

Ms. Murrison said the ISWCC partners with the local, state, and federal government agencies that work with landowners to accomplish good things for the land and the people who live and work on the land. The ISWCC and NRCS supply technical expertise, funding, and other resources. Conservation districts are the "boots on the ground" of conservation, undertaking locally led projects with private landowners.

She said the ISWCC staff and voluntary conservation partners "sow seeds of good stewardship" all over the State which has been a way of life for generations of Idahoans. The ISWCC is voluntary and non-regulatory, and focuses on cooperative, collaborative efforts with local people who know and work the land. They have three core functions: providing district support, managing incentive-based and other conservation programs, and fiscally prudent administration. They provide technical assistance in conservation planning, engineering, and watershed assessments.

She explained that before and during the Great Depression, the federal government formed the Soil Conservation Service, which is now the Natural Resource Conservation Service or NRCS, to deal with soil health on a national scale. They assigned a state conservationist to work with the State and local farmers and ranchers in establishing a statewide conservation movement. On March 9, 1939, the Idaho Soil Conservation District Law was enacted, establishing the ISWCC, and providing for the formation of local conservation districts.

Ms. Murrison said that due to constrained resources, services and programs must be prioritized. The Idaho Agriculture Pollution Abatement Plan has been recommended for funding by the Governor and is a priority for them in 2015 due to the imminent release of the Idaho Nonpoint Source Management Plan by the Department of Environmental Quality (DEQ).

She said this year districts received about \$1.15 million in operating support from the General Fund. They raised another \$500,000 from local government and other local matching sources to total almost \$1.6 million dollars statewide. Many also secured grants for projects, augmenting their annual budgets. The Commission provided another \$50,000 for capacity building activities. In addition, districts requested 13,076 hours of technical assistance for a wide variety of projects. The ISWCC delivered 7,681 hours of staff time statewide and assisted with water quality, ground water, nitrate reduction, riparian restoration, and other conservation projects. Since 1990 the ISWCC has been involved with over \$88 million worth of projects, with over \$22 million in the funding coming from them. To date, the ISWCC has impacted almost 1.5 million acres with Conservation the Idaho Way.

Ms. Murrison said that the ISWCC also manages incentive-based and general conservation programs such as:

- The Conservation Reserve Enhancement Program (CREP). CREP conserves water usage on marginal farm ground in the Eastern Snake River Plain Aquifer. Participating landowners receive modest federal payments from the Farm Service Agency in exchange for not farming these lands. Last year 159 CREP contracts were signed in the region, enrolling 17,227 acres in the program, and saving 34,454 acre feet of water, enough to serve about 330,000 people. It saved 68 million kilowatt hours of electricity, almost 138,000 tons of soil erosion due to wind and water, and diverted up to 4.5 million pounds of fertilizer from enrolled acres.
- Since 1990, the Rangeland Resource Conservation Development Program (RCRDP), has funded almost \$25 million in loans, impacting close to 133,000 acres. Loan rates range from 2.5 to 3.5 percent. The maximum loan limit is \$200,000 per loan, or \$300,000 per borrower. In exchange for low interest loans, landowners operate under a conservation plan and improve practices or replace equipment to produce a conservation benefit resulting in water savings and erosion reduction. As of December 31, 2013, the ISWCC has 108 outstanding loans totaling \$4,098,507. Due to recent years' robust agricultural economy and borrower uncertainty, loan volume was down last year, however, they have seen an upturn in inquiries and applications this year, and have already approved as many loans as all of last year.
- The ISWCC also assists the DEQ in preparing Total Maximum Daily Loads (TMDL) implementation plans which strategically reduce agriculturally-generated pollutant loads for impaired surface waters. Once completed, the districts take on projects that go toward meeting and eventually de-listing those waters. To date, they completed 93 implementation plans. Last year, 5 of their field staff completed 5 implementation plans, and juggled 19 in progress. They now have 17 plans in progress and 18 plans pending. Last year their Ground Water Program treated 35,685 acres, reducing nitrates by about 115,000 pounds, Phosphorus by 24,000 pounds, and sediment by 137,000 pounds.

The 2015 Governor's Budget Recommendation for the ISWCC includes:

- \$2,463,400 in general funds
- \$345,000 in dedicated funds

The Governor's recommendation for the Commission includes:

- \$1,174,900 in personnel.
- \$436,300 in operating funds which includes the line item enhancement request of \$28,000 to contract out updating the Ag Pollution Abatement Plan.
- \$44,000 in capital to replace 2 field vehicles, each with over 150,000 miles.
- \$1,153,200 in trustee & benefit funds to conservation districts.
- \$433,500 for base funding.
- \$669,700, according to statute and rule match formulas.
- \$50,000 in capacity building grants.

Their recommended budget totals \$2,808,400, a 4.1% overall increase from the 2014 appropriation, and caps the total full time personnel (FTP) at 16.

Chairman Bair introduced **Art Beal**, Treasurer, Idaho Association of Soil Conservation Districts (ISSCD), who said the ISSCD was established in 1944, and works to strengthen districts and further non-regulatory, locally led, conservation in the State. They foster relationships to work on issues that are vital to the effectiveness of keeping the farms and ranches healthy and sustainable.

Mr. Beal said the "tools" provided to the ISSCD have helped with soil and water health. They have learned much from the noxious weed program, and the use of biological control through insects and soil health. The chemical companies taught them about application and water interactions for best results. The ISSCD needs continued support for the coordinated weed management areas, too, as this allows them to work over a variety of land ownerships, boundaries, and weeds. Through their loan program, they are developing better technology to keep the fertilizers and chemicals where they are applied, saving landowners and operators money and helping the State meet the Clean Water Act. The districts still need the support to meet the TMDL to help clean up the water. He said he applauded the support of the broadband service grant which allows everyone to have access to the websites that provide the valuable information on soil and water health and methods of production. He said they need the "One Plan" process to be used and funded by all partners in the State to make compliance, rules and planning easier.

One project was the restoration of Pebble Creek, an important tributary to a large watershed that was repaired to reestablish the creek and the riparian zones. This was a very successful project because of the DEQ 319 point source grant, and the time and donations from each of the other partners. He finished by saying that this is just one example of the important role of conservation districts and preservation of the State's natural resources and the ability to bring a variety of partners together. He stood for questions.

Chairman Bair introduced **Jeff Burwell**, State Conservationist with the USDA NRCS who spoke about the slide Ms. Murrison had shown on the dust storm. He said it happened in 1935, and took about 2 days to reach the east coast. Congress created the Soil Erosion Service, which then became NRCS. They soon recognized the need to have local offices in the states, and the Soil Conservation District Act was created.

He said today, every state has a Soil Conservation District Act, which creates the local districts that work with the NRCS to provide the technical assistance to land owners across the state. He called them a "small agency with a huge presence". They are in almost every county in the U.S. and in Idaho there are about 200 employees that work in 39 offices. There are 25,000 landowners in Idaho, so it is critical to have the partnerships with the local conservation districts and the ISWCC.

The programs provided by the NRCS include:

- The Farm Bill brings in about \$50 million/year to treat the various resource issues in Idaho. Local landowners that apply the conservation practices pitch in about 50 percent of the cost. It has a huge benefit locally and statewide. The bill helps the farmers and ranchers to comply with federal rules and regulations. They have dedicated funds to deal with the Sage Grouse issue. They have worked with 102 ranchers on 456,000 acres, with \$8.7 million used to remove the threat of having the Sage Grouse listed as an endangered species. The Fish and Wildlife Department will review this issue this fall and whether it warrants listing or not. If it gets listed, it will have significant impact on ranchers in the State. They continue to demonstrate that the program they have has positive benefit to the bird and to the population.
- Soil Health. Programs to help with the wind erosion and highway closure problems in the southeastern part of the State, and the water erosion issue in Palouse that has clogged the waterways.

He stood for questions.

Senator Patrick complimented them on the work they have done in his area. The erosion and mud issues have been improved, and the wetlands that have been put in place have been well received.

Ms. Murrison thanked him and said it is always great to hear.

ADJOURNED: **Chairman Bair** adjourned the meeting at 9:10 a.m.

Senator Bair
Chair

Denise McNeil
Secretary

AMENDED AGENDA #2
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Tuesday, February 18, 2014

SUBJECT	DESCRIPTION	PRESENTER
MINUTES:	Minutes from January 30, 2014 and February 10, 2014	Chairman Bair
GUBERNATORIAL APPOINTMENTS	Vote on appointment of Mr. Leon Kyle Slichter to the State Soil and Water Conservation Commission	Chairman Bair
<u>RS22912</u>	Unanimous Consent to send to State Affairs, Relating to Rules of the Idaho Board of Veterinary Medicine	Chairman Bair
<u>RS22913</u>	Unanimous Consent to send to State Affairs, Relating to Rules Governing Noxious Weed Free Gravel and Rock Products	Chairman Bair
PRESENTATION:	Idaho Aquaculture Commission	Linda Lemon, Aquaculture Commission
<u>H 431</u>	Relating to Domestic Cervidae	Stan Boyd, Idaho Elk Breeders Association
Welcome	Welcome to Aleigh Allred, new Page	Chairman Bair

COMMITTEE MEMBERS

Chairman Bair
Vice Chairman Guthrie
Sen Brackett
Sen Tippetts
Sen Rice

Sen Nonini
Sen Patrick
Sen Rohn(Buckner-Webb)
Sen Ward-Engelking

COMMITTEE SECRETARY

Denise McNeil
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MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Tuesday, February 18, 2014

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippetts, Rice, Nonini, Patrick, Buckner-Webb and Ward-Engelking

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Bair** called the meeting to order at 8:02 a.m.

MINUTES: The Minutes from January 30, 2013, and February 10, 2014, were presented to the Committee for approval.

MOTION: **Senator Brackett** made a motion to approve the Minutes from January 30, 2014. **Senator Guthrie** seconded the motion. The motion carried by **voice vote**.
Senator Tippetts made a motion to approve the Minutes from February 10, 2014. **Senator Rice** seconded the motion. The motion carried by **voice vote**.

GUBERNATORIAL APPOINTMENT: The Committee considered the gubernatorial appointment of Leon Kyle Slichter to the Idaho Soil and Water Conservation Commission.

MOTION: **Senator Tippetts** moved to send the gubernatorial appointment of Leon Kyle Slichter to the Idaho Soil and Water Conservation Commission to the floor with the recommendation that he be confirmed by the Senate. **Senator Ward-Engelking** seconded the motion. The motion carried by **voice vote**. Chairman Bair will be the sponsor.

RS 22912 Relating to Rules of the Idaho Board of Veterinary Medicine. Seeking unanimous consent from the Committee to send to the State Affairs Committee to print.

RS 22913 Relating to Rules Governing Noxious Weed Free Gravel and Rock Products. Seeking unanimous consent from the Committee to send to the State Affairs Committee to print.

Vice Chairman Guthrie spoke to the Committee regarding **RS 22912** and **RS 22913** and reminded them that these two rules were presented in Committee earlier. They had made motions to strike language from one and reject the other entirely. **Chairman Bair** asked the Committee for unanimous consent to send **RS 22912** and **RS 22913** to the State Affairs Committee to print. There were no objections.

PRESENTATION: **Chairman Bair** introduced Linda Lemon, Commissioner from the Idaho Aquaculture Commission (Commission). **Ms. Lemon** said she also served on the Idaho Aquaculture Association that deals with the education, research, policy and regulation aspects. In 2003, they were encouraged by the Idaho State Department of Agriculture (ISDA) to set up a commission for marketing. In 2005, they began collecting their first fees. The Commission is a voluntary checkoff program supported by producer sales, not processor sales. They represent approximately 25 percent of the operators. Currently there are about 65 to 68 commercial aquaculture facilities in Idaho run by about 21 operators.

The world prospective:

- 2012 was a milestone year for aquaculture and was the first year farmed fish production surpassed beef production. 66 million tons of fish were produced on farms versus 63 million tons of beef. 2013 projections should show an even greater increase.
- 46 percent of all fishery products consumed worldwide are farm-raised, not wild caught, and by 2015, this is expected to go over 50 percent
- 65 percent of the world's farmed fish are produced in Asia. China is first, with India, Vietnam, and Indonesia following. The U.S. is number 15 on the list. She said less than 1 percent (.06 percent) of all the fishery products in the world are produced here in the U.S.
- In 2012, the per capita consumption of fish and shell fish dropped. The total consumed was about 14.4 pounds per person, on average, for that year.
- 94 percent of all fishery products consumed by the U.S. are imported. China consumes the most fish, then Japan, then the U.S. We are a top consumer, but one of the lowest producers of aquaculture seafood.
- We import most of our fishery products from Asia, which is also the country we export most of our products to. The U.S. imported 5.4 billion pounds, at \$16.7 billion in value in seafood products, and exported 3.3 billion pounds, at \$5.5 billion in value.

Idaho Aquaculture production for 2012:

- Idaho is the number one trout producing state in the U.S.;
- Produced 77 percent of all food size trout produced in the U.S.;
- Produced 36.6 million pounds of trout valued at the farm to be close to \$42.8 million. The process value would be much higher;
- Produced 1.5 million pounds of talpia;
- Produced .5 million pounds of sturgeon; and
- Produced .4 million pounds of catfish.

Ms. Lemon said Idaho was challenged due to limited resources and low farm gate prices. The average price in the east and Midwest U.S. currently being paid to farmers who direct sell their fish is three times the price of what Idaho sells wholesale to the processors. This is due to the large amount of fish produced in Idaho. Transportation is another issue because most of the transportation that comes through the Magic Valley goes right past Boise, off to the West Coast, then back to Idaho, or directly to the East Coast. The individual producer is left to find their own transportation and are dependent on the commercial companies.

Ms. Lemon said going forward, the Commission needs to address issues about why consumption is still going down and those negative ads about the risks of mercury and eating farm fish. They will continue to focus their efforts on promotional events and website development to get the "heart healthy" message to the public. She stood for questions.

Senator Patrick asked if Idaho was still number two in caviar production. **Ms. Lemon** responded yes, but since the Florida and South Carolina facilities are raising a foreign species of sturgeon that was recently put on the Endangered Species Act (ESA) list, this could turn things around for Idaho.

Chairman Bair asked if the Idaho aquaculture sales by producers are continuing to grow. **Ms. Lemon** said that sales in 2013 will be less than 2012, due to several facilities being rebuilt. Trout will see limited production without additional water. She said production of catfish and tilapia are limited as well, but sturgeon production is increasing, due to expansion into those facilities that are not suitable for trout. She said that sales by processors will most likely increase, but not the producers. **Chairman Bair** asked if sturgeon meat is consumed as food. **Ms. Lemon** said yes, meat production is in demand and they have received requests for export to Russia, but right now they do not have enough production to export. The Columbia River has a very limited fishery available and that is continuously shrinking. There was some doubt it would be open this year.

H 431

Chairman Bair introduced Stan Boyd, who represents the Idaho Elk Breeders Association. They are in support of this legislation. **Mr. Boyd** said for the past three years, the industry and the ISDA have had difficulty making the cervidae program work. The intent of **H 431** is to raise the revenue needed to help the ISDA run a responsible regulatory animal health program. For the last four or five years, the industry did not provide enough revenue from fees to support the ISDA cervidae program, so the ISDA decided it could no longer fund it, and temporarily shut it down for a few months. During that time, no importing or exporting could be done.

The new proposed fees are:

- Inventory fees. Will increase to \$10.00 and will continue to go the Division of Animal Industries at the ISDA to help fund the program.
- Import fees. A \$10.00 fee charged for animals brought into the State.
- Export fees. A \$10.00 fee charged for any animal leaving the State.
- Transfer fees. A \$10.00 fee charged for selling an animal from one ranch to another within the State.

He also said that costs to the producer and to the ISDA will be lowered. Currently, in rule, 100 percent Chronic Wasting Disease (CWD) testing on all cervidae 16 months and older is mandatory for CWD. This proposed bill will allow testing to be performed on a "case by case basis" as determined by the State Veterinarian and will be no less than 10 percent. This would apply to the closed herds or herds that transfer among themselves. Producers who wish to export must be in the national CWD herd certified program, have 100 percent testing and be CWD free for five years. Any imported elk must also come from a 100 percent tested herd.

Currently there are 57 domestic cervidae operations consisting of 3,500 head of elk and 260 head of deer, which is down from over 4,200 in 2012. They are expecting about 600 head imports this year (destined for the hunting operations) that should be harvested within 60 to 120 days after arriving. Exports will be around 20 head and transfers will be around 120 head. In 2013, revenues collected were close to \$41,000 and expenses were \$50,765. With the fee increase, the expected revenues should be \$64,000 with expenses at \$48,000. The industry would like to build a reserve fund for any extra costs that may occur.

Mr. Boyd said new language was added to § 25-3705 so that inventory and facility inspections will now be at least every five years. The CWD certified herd program requires the producers to have inspections at least every three years, and to have their herd inventory reconciled every year. Currently, the State requires all cervidae and deer producers to submit an annual inventory of their herd at year end.

In closing, **Mr. Boyd** said that **H 431** would allow the industry to stand on its own. He said that in 2012, the Idaho Department of Fish and Game (IDFG) reported that 49,644 deer and 16,418 elk were legally harvested in the State, and out of those 66,740, only 935 (1.4 percent) were tested for CWD. He reiterated that this bill will require 10 percent of the domestic animals to be tested, and that exporting producers will still be required to have 100 percent testing. This bill does not change the existing rules or the herd management plans. He stood for questions.

Chairman Bair introduced **Scott Liebsle**, DVM, Animal Industries Division, ISDA, who addressed several questions from the Senators:

- Regarding labs: An "official" laboratory is a national accredited laboratory. The Caine Veterinary Teaching Center laboratory can complete these tests. Specific laboratories are not listed, as this list is dynamic and changeable. He said all definitions and testing requirements are specified in rule. Quality control is carried out by the National Animal Health Lab and is done annually.
- Regarding the inventory and inspections: If a producer has not turned in his inventory by January 1st, there is usually a grace period of about two weeks, after that the ISDA will contact them. A fine could be assessed if the problem is not rectified. The producers' inventories start coming into the ISDA by mid December. How this fine is assessed and the amount is stipulated in rule. There are also provisions in rule that stipulate how a producer handles those animals harvested prior to when the inventory is due.
- Regarding testing: All producers are aware of the procedures for testing. This is not fresh tissue testing, and the sample is to be stored in a solution that needs to be submitted to the ISDA within 72 hours. The testing requirements for producers that export their animals have not changed, they are still required to annually have 100 percent testing done and be CWD free for 5 years. Risk assessment is done on a case by case basis by the ISDA. Any expected effect of the reduction in testing should be minimal. He said that the transmission of CWD is still a question they are trying to solve, and could not comment on where it comes from. He did say that any of the animals imported into the State come from 100 percent tested herds.
- Regarding the testing by the IDFG. Dr. Liebsle said he could not comment on why they only tested 1.4 percent of the harvested animals. He said there is no live animal CWD testing as the sample for the test comes from the brain stem.

Chairman Bair introduced **Sharon Kiefer**, IDFG, who reiterated Dr. Liebsle's testimony and said that there still is not enough known about CWD. They are still learning about its transmission and could not give a "metric of risk" in terms of the change in testing from 100 percent to 10 percent. She said that one could make the argument that you might be increasing risk, but there is not enough known about the disease to specifically make that connection.

She said she wanted to focus on the question from Senator Brackett and something that has not been pointed out. This bill does not change many of the existing domestic cervidae rules that actually do help protect wild cervids from domestic cervids, that limit their interaction and the potential transmission between them and vice versa. There are rules in place that help reduce that risk. The ISDA and IDFG work with producers on the voluntary herd management plans still stands. She pointed out that the rules in the Idaho Administrative Procedures Act (IDAPA) 02.04.09.101, Domestic Cervidae Ranch Facility Requirements, are the integral components of what is called the "potential risk". She said there is just no way to give a specific threshold metric, nor can the

ISDA. The question for producers then is just how risk averse to be. All facility requirements still stand. This bill does not change this.

Ms. Kiefer said that she wishes that the bulk of the animals harvested each year would come through a check station to be tested so they could know more about the elk and moose. They have been using the combination of taking samples at the check stations, as well as providing kits for the sportsmen to collect samples for both CWD and brucellosis. She acknowledged that they do not import or export elk, but that ingress and egress does occur, and they try to focus the sampling from those areas of high probability. In 2012 they sampled 935 elk for CWD, which cost about \$80,000 for personnel, operating costs to collect the tests, process, and catalog samples. This is more than what the industry is costing the ISDA. She said this is not an inexpensive sample proposition.

She agreed with Mr. Boyd, that if the funding to support a program is not synched with the regulatory expectations, it is a hollow proposition, so these increased fees would be very beneficial. The IDFG is monitoring this bill in part, because they recognize there is much to be learned about CWD, about the level of risk that is acceptable and what can be done.

Chairman Bair introduced the following people who testified in opposition to **H 431**:

- **John Caywood**
- **Jim Nunley**, Idaho Wildlife Federation
- **Steve Rinehart**
- **John Robison**, Idaho Conservation League
- **Forrest Goodrum**
- **Bob Minter**, Ada County Fish and Game League

Chairman Bair introduced the following people who testified in support of **H 431**:

- **Roy Klinger**, Idaho Elk Breeders Association
- **Rulon Jones**, Idaho Elk Breeders Association
- **George Kelly**, Idaho Elk Breeders Association
- **Golden Millet**, Trophy Elk

Chairman Bair thanked all that came to testify.

MOTION:

Senator Guthrie moved to send **H 431** to the floor with a **do pass** recommendation. **Senator Tippetts** seconded the motion.

Senators Patrick, Guthrie, Tippetts, Rice and **Brackett** spoke in support of **H 431**. **Senator Ward-Engelking** opposed **H 431**.

The motion carried by **voice vote**. **Senators Bucker-Webb** and **Ward-Engelking** voted **nay**.

ADJOURNED:

Chairman Bair adjourned the meeting at 10:02 a.m.

Senator Bair
Chair

Denise McNeil
Secretary

AGENDA
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Thursday, February 20, 2014

SUBJECT	DESCRIPTION	PRESENTER
H 430	Noxious/Invasive Weed Awareness Week Invasive Species Law and Noxious Weed Law	Representative Erpelding

PRESENTATIONS:

Idaho Dairy Products Commission Annual Report	Karianne Fallow
Idaho Dairywomen's Association	Bob Naerebout

COMMITTEE MEMBERS

Chairman Bair	Sen Nonini
Vice Chairman Guthrie	Sen Patrick
Sen Brackett	Sen Buckner-Webb
Sen Tippetts	Sen Ward-Engelking
Sen Rice	

COMMITTEE SECRETARY

Denise McNeil
Room: WW31
Phone: 332-1330
email: sagri@senate.idaho.gov

MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, February 20, 2014

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippetts, Rice, Nonini, Patrick, Buckner-Webb and Ward-Engelking

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Bair** called the meeting to order at 8:03 a.m.

MINUTES: The Minutes from February 4, 2014 were presented to the Committee for approval.

MOTION: **Senator Nonini** made a motion to approve the Minutes from February 4, 2014. **Senator Brackett** seconded the motion. The motion carried by **voice vote**.

INTRODUCTION: **Chairman Bair** introduced **Rick Waitley**, Executive Director of the Leadership Idaho Agriculture, who presented the Leadership Idaho Agriculture Class 34 (Class) who stood and introduced themselves.

H 430 **Chairman Bair** thanked the Class and introduced **Representative Matt Erpelding**, who presented **H 430** relating to Noxious and Invasive Weed Awareness Week. **Representative Erpelding** said this bill is an outgrowth of the work that is being done by the Idaho Noxious Weed Awareness Campaign (Campaign) and the Idaho Weed Control Association, and expands on the annual proclamation from the Governor that began in the early 2000s. This will place, in statute, a weed awareness week, the week before Memorial Day, and will become a permanent weed awareness week. The Campaign was created in 2001 by the efforts of the Weed Coordinating Committee. Its mission is to create public awareness and education to help the people of Idaho to understand the economic and environmental impacts of invasive weeds and support the implementation of all aspects of integrated weed management. Its main goal is to encourage Idahoans to develop and participate in invasive weed eradication management programs and assist in preventing the spread of invasive weeds. He said noxious weeds are not limited to just rangeland and agricultural land, but have spread to urban areas as well. Often times it is vehicles that spread invasive weeds, so this should help the public become more aware of what is making this problem worse. He stood for questions.

Senator Brackett asked what the difference is between a noxious weed and an invasive weed. **Representative Erpelding** said they are different, as defined in statute. **Rick Waitley**, representing the Idaho Weed Control Association, answered that they chose to rewrite the legislation to include "invasive weed". He said it was due in part to the State of Washington legalizing marijuana and was added to make that distinction. He said also, it is too hard to predict what types of weeds might show up in the future. **Senator Brackett** asked if there is a corresponding list for invasive animals. **Representative Erpelding** said yes, but that this legislation is not about those issues.

Senator Nonini asked if marijuana will be listed as an invasive or noxious weed. **Representative Erpleding** said, as he understands it, marijuana is not native to Idaho. He said that marijuana is a controlled substance in Idaho and a different subject than what is being discussed in terms of non-native, noxious and invasive weeds.

MOTION: **Senator Brackett** made a motion to send **H 430** to the floor with a **do pass** recommendation. **Senator Buckner-Webb** seconded the motion. The motion carried by **voice vote**. Senator Buckner-Webb will carry the bill on the floor.

PRESENTATION: **Chairman Bair** introduced Karianne Fallow, CEO of Idaho Dairy Products Commission (IDPC) and the United Dairymen of Idaho (UDI). **Ms. Fallow** introduced Commission Chairman, Tom Dorsey. She talked about the "Breakfast Matters" campaign and provided breakfast treats for the Committee.

Chairman Bair introduced **Tom Dorsey**, who outlined the following highlights:

- In 2013 there were 549,410 milk cows, a decrease from 2012.
- There are 536 dairy operations.
- 13.4 billion pounds of milk production. Idaho is number 1 per capita in milk production.
- Idaho is number 4 in the nation for production, down from number 3, due to the decrease in production (1 percent).
- There are 20 processors that produce a diversity of products, such as Milk Protein Concentrate (MPC) and Milk Protein Isolate (MPI), relatively new items created from new innovative processes, which are very desirable for foreign export markets.

Ms. Fallow outlined the dairy consumption trends in the U.S.:

Milk Trends:

- Sales maintained a downward trend in consumption over the last several years.
- Organic milk experienced the highest growth, up 4.1 percent.
- Lactose free milk is up 3.8 percent. The IDPC has worked with Lactaid to ensure there are still enough proteins in their products.
- Flavored milk is up 2.3 percent.
- Whole fat milk growth is flat.

Cheese Trends:

- Total sustained growth in 2013 was up 1.1 percent.
- Natural cheese, up 2.1 percent.
- Shreds up 38 million pounds from 2012.

Yogurt Trends:

- Total growth up 3.3 percent from 2012.
- Greek is up 45.9 percent with 334 million more pints than 2012.
- Innovation accounts for 7 percent of total volume.
- Convenient methods of consumption: cups, tubs, drinks and tubes are up 25.1 percent.
- Fruit on the bottom account for a 16 percent volume share.

She said that Idaho's dairy farm families are feeding the world. There are 1.6 million people in Idaho, and we are producing 14 billion pounds of milk. Most of it is going outside of our borders. One in seven milk tankers from the U.S. are turned into dairy products that are consumed overseas. Dairy export value is approaching \$6.7 billion with volume representing nearly 16 percent of total milk solids produced. Idaho is positioned to be a leader in dairy exports around the world. **Tom Dorsey** added that he would like to encourage folks in Idaho to eat more cheese, because they currently produce 5,500 pounds of cheese per person.

Ms. Fallow talked about the new vision for the IDPC and the UDI and their objectives for the future:

- Increase demand of milk and milk products.
- Advocate programs that enhance and protect the economic security of the dairy industry.
- Cooperate and coordinate with other dairy organizations to promote the sale and consumption of products.
- Integrate advertising, sales promotions, dairy image and nutrition education activities.

They felt that they had an "identity" crisis, and that many producers were confused about which organization plays what role. UDI is dairy's checkoff organization in Idaho, and dairy farmers pay a mandatory assessment to fund them. She said the organization is well positioned for the future with lots of talent, resources and active and engaged board members.

In August 2013, UDI conducted a listening panel among dairy producers around the State to discuss the top challenges facing the dairies and the U.S. dairy industry. The three main issues were: milk prices, which have no direct role; public perception of dairy, which they can work to enhance and promote a more positive perception; and government regulation, which would be the responsibility of the Idaho Dairymen's Association. By 2017, the goals for the UDI are: to become a global marketing, promotion, and business development organization; to become a well known Idaho ag commodity; to be more focused; to create a new logo with consistent branding; and to empower their team members.

Her recommendations for the organization include: scaling back product donations, except for strategic partners; moving away from product specific imagery and focusing on the dairy farmer and the dairy farm family; moving away from paid media and more towards earned media; developing more strategic relationships as opposed to transactional relationships; providing better measuring of the return on investment (ROI) performance; and infrastructure improvements.

Mr. Dorsey said that the dairy checkoff was instituted in Idaho about 30 years ago. Idaho is distinct as one of the only states that collects \$.16 per 100 weight. The breakdown of the assessment is: \$.10 assessment; \$.01 to the Idaho Dairymen's Association; \$.05 to Dairy Marketing Incorporated (DMI) (\$.025 is for DMI Dues and \$.025 is for Unified Marketing Plan).

He said that collecting the checkoff funding requires accountability, and those that pay want to know what is being done with the money they collect. The checkoff program was instituted when production was in decline, so the fact that the per capita consumption of dairy has increased in the U.S. by 270 pounds is one indication of how successful this has been. In 1985 the average production in Idaho was 12,000 pounds of milk per cow, today it is close to 22,000 pounds. With the increase of production, this requires a change in your marketing strategy.

He said the familiar milk moustache campaign was memorable, but never sold any more milk. They now partner with McDonald's, Taco Bell, and Domino's. PepsiCo has added milk to their line of products. These partnerships have made over double the amount they collect from the checkoff dollars. They stood for questions.

Senator Brackett asked where are the reserves on their financial statement shown. **Ms. Fallow** responded that there are minor reserves budgeted for 2014 for about \$200,000. There are significant investments in CDs and another investment that has close to \$4.5 million in it.

PRESENTATION: **Chairman Bair** introduced **Bob Naerebout**, Executive Director of the Idaho Dairymen's Association, who said that the booklet that was passed to the Committee covers everything that he would be presenting. He extended the invitation to all Committee members for their March 13th banquet. The new president of the University of Idaho, Dr. Stabin, will be the key speaker. He stood for questions.

Chairman Bair asked what is MPC. **Mr. Naerebout** said it is made by fractionating the protein, which can be found in protein bars, for example. There are only three MPC plants in the U.S. and one is located in Idaho and is owned by Idaho Milk Products.

ADJOURNED: **Chairman Bair** adjourned the meeting at 9:00 a.m.

Senator Bair
Chair

Denise McNeil
Secretary

AGENDA
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Tuesday, February 25, 2014

SUBJECT	DESCRIPTION	PRESENTER
RS22962	Relating to Dairy Products - Unanimous Consent to send RS 22962 to Judiciary and Rules Committee for print hearing.	Chairman Bair
PRESENTATIONS:		
	Idaho Wheat Commission	Blaine Jacobson, Executive Director
	Idaho Bean Commission	Doug Carlquist, Chairman
	Idaho Beef Council	Traci Bracco, Executive Director
MINUTES:	February 6, 2014 Senator Patrick, Senator Buckner-Webb	Chairman Bair

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Bair	Sen Nonini
Vice Chairman Guthrie	Sen Patrick
Sen Brackett	Sen Buckner-Webb
Sen Tippetts	Sen Ward-Engelking
Sen Rice	

COMMITTEE SECRETARY

Denise McNeil
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MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Tuesday, February 25, 2014

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippetts, Rice, Nonini, Patrick, Buckner-Webb and Ward-Engelking

ABSENT/ EXCUSED: None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Bair** called the meeting to order at 8:01 a.m.

MINUTES: The Minutes from February 6, 2014 were introduced to the Committee.

MOTION: **Senator Buckner-Webb** mad a motion to approve the Minutes from February 6, 2014. **Senator Patrick** seconded the motion. The motion carried by **voice vote**.

RS 22962 The proposed legislation in **RS 22962** relates to the Dairy Environmental Control Act and was written to more clearly define the Department of Agriculture's authority to regulate dairy farms in order to protect the State's water resources.

Chairman Bair said **RS 22962** is a revision to the previously printed bill **S 1299**. It was drafted with the assistance of the DEQ. When the bill comes back to the Committee for a hearing, they will be here to testify in support of the bill. **Senator Ward-Engleking** asked if this is the bill that was found to have two subject matters. **Chairman Bair** said yes, it has been revised and split into two bills now. Its companion bill is **S 1338** which is ready to be heard. Once **RS 22962** is printed, both bills can be heard together in Committee.

UNANIMOUS CONSENT: **Chairman Bair** asked the Committee for unanimous consent to send **RS 22962** to the Judiciary and Rules Committee to print. There were no objections.

PRESENTATION: **Chairman Bair** introduced **Blaine Jacobson**, Executive Director of the Idaho Wheat Commission (IWC), who thanked those that were able to join on the legislative tour to Portland last summer. He began by saying that the world supply and demand of wheat has seen continued record highs in the past six years and is a very robust business globally, in the U.S., and in Idaho. The ending supply stock has a direct bearing on the price of wheat, with 185 million metric tons currently in stock. This is up over last year. He said wheat is a profitable crop for the grower.

He explained that each of the classes of wheat have a different price, but Hard Red Winter is the one used as the main index and prices fluctuate relative to the supply. The increase in inventory is coming from the rest of the world, primarily China, who keeps very large stocks of wheat in storage. The other areas that account for large amounts of the stock include: Canada, who had a record year in production; the Black Sea area is up over last year; and Australia, who also had a record production.

Among the top ten customers for U.S. wheat are China, Mexico, Japan, Philippines, Korea, Taiwan and Indonesia. Fifty percent of Idaho's wheat is exported and departs through the Port of Portland, Oregon. This year, **Mr. Jacobson** said, China and Brazil merit special mention, because historically neither country has purchased much wheat from the U.S. Brazil typically gets their crop from Argentina, who had some production problems. He thinks this is a temporary situation. He expects China to continue to be a top customer.

China likes to be about 90 percent self-sufficient on wheat and when they have production problems in their country, it has a big impact on the world market. He said there is debate that China may shift their wheat production over into fruits and vegetables or into other higher value crops, and over the long term will be importing more wheat. In 2013 they were up to 900 million metric tons, which is up from 130 million metric tons just 4 years ago.

Idaho wheat is the second largest crop, and is grown in 42 out of the 45 counties. It has some of the highest yields per acre of any state in the U.S., and Idaho ranks second in the U.S. in yield per acre. It has record sales of \$732 million in 2013, down from last year's record of \$790 million. **Mr. Jacobson** said that over 50 percent of Idaho wheat is exported and is used by other countries in the production of many of their foods.

The remaining 50 percent goes to domestic customers, some of which have donated the products that he gave to the Committee. Borella pasta is the number one pasta brand in the world and the largest brand in the U.S., and uses the wheat from Minidoka and Cassia counties. It is shipped to Ames, Iowa, where it is milled into semolina flour. Lehi Roller Mills pancake mix uses the wheat that comes out of Power and Bingham counties and then is shipped to the mill in Utah. Idaho wheat is in demand by a number of very large food companies in the U.S., but the list is kept fairly confidential because of the competitive market.

Mr. Jacobson said Idaho is the largest Hard White Wheat grower in the U.S. and is the class best suited for Idaho and accounts for 10 percent of the harvest. It has been successfully grown in the southern and eastern parts of the State and just this past year, they were successful in growing it in northern Idaho and harvested more than 500,000 bushels. In 2014 they expect to grow close to 1 million bushels. Some of the national companies that like this class of wheat include General Mills, Sara Lee, Bay State and ConAgra. This year they hope to launch a new winter variety. The other types of wheat that are grown in Idaho include Soft White, Hard Red Spring, Hard Red Winter, Hard White, and Durham. There is also a Soft Red, but it is not grown here.

The budget was \$3.130 million in revenue, funded by a \$.035 per bushel wheat tax. Expenses were \$3.137 million. The reserves were \$3.263 million. Fifty-three percent was spent on research, and in 2015, the IWC expects to increase their research dollars to 56 percent. As the industry continues to change, the growers recognized the need for research. Since there were cuts in public funding, they saw the need to increase their own funding, and much of it will go to add a new wheat geneticist at the Moscow facility. A total of 23 percent was spent on information and education, 20 percent on market development, and the remaining amounts for capital outlay and office operations.

Their strategic focus will be to: maintain what has already been built, bring the best new wheat technology to Idaho growers, build on Idaho's strategic advantages with Hard White wheat, work on developing Soft White as a potential replacement, continue to maintain relationship with China and work on the transgenic wheat to increase acres. Once they can get approvals to bring transgenic traits into wheat, they expect to reverse those trends. He stood for questions.

Senator Patrick asked if the trends are as unpredictable as it seems since the charts show down trend in prices and up trend in demand, especially from China. **Mr. Jacobson** responded that it is almost impossible to gauge where the wheat prices will go. It used to be driven primarily by supply and demand. Now corn tends to drive the commodity prices, and in many cases the price of wheat is linked directly to the price of corn. Some classes of wheat, such as the Hard White variety, are independent of corn. He said, in the last couple of months, there has been a downward trend on wheat prices, but they are coming back up. China is expected to continue to order very large quantities, with a large part coming from the Pacific Northwest. He said they are very optimistic about the prospects for wheat.

Senator Brackett asked about the possibilities of having more processing plants here in Idaho. **Mr. Jacobson** said there are tremendous opportunities here in Idaho. He said the Pendleton Flour Mills in Blackfoot, are running 24/7. They can handle about 10 percent of Idaho's crop, or about 10 million bushels a year, and just recently, Mr. Jacobson was told they have increased their purchases to 12 million. They definitely recognize the need to expand. He said Ogden, Utah has become increasingly urbanized and would be more economical if it was closer to the crops in Idaho.

Chairman Bair thanked Mr. Jacobson and complimented the IWC for the wheat and barley tour they went on last spring.

PRESENTATION:

Chairman Bair introduced Lacey Menasco, Administrator for the Idaho Bean Commission (IBC), who gave her annual update. She gave a bean cupcake to each of the Committee members. **Ms. Menasco** said they had been made by a local baker using local ingredients who used local pinto beans as an ingredient.

Ms. Menasco said the mission of the IBC is to support the growers and promote Idaho's reputation of producing a top quality bean seed and commercial bean product. The top objectives of the IBC include:

- Promoting Idaho beans (edibles and seed).
- Supporting research on disease, pest, cultural practices, and breeding.
- Grower and consumer education.
- Monitoring policies and regulations.

Highlights for 2013 Include:

- \$1 million endowment to the University of Idaho (U of I) to fund bean research. They have been working on creating a MOU and specific direction of the research based on industry input.
- Initiated a discussion on a new Multi-State Bean Research Program. This is a regional effort and collaboration which would more efficiently use resources. States include Nebraska, Colorado, and Wyoming.

Ms. Menasco said the IBC is working with the U of I and other private companies on various research and development projects. They exhibit at fairs to promote beans to the consumers. They have been conducting bean schools to educate the growers. Currently, the IBC has two board members in the Dominican Republic who are exploring opportunities for the cranberry bean seed, a dry bean that is very similar to the pinto bean. They also exhibit at the Nebraska Bean Day and domestic shows to promote Idaho seed in other bean growing regions of the U.S.

They recently conducted a grower survey and found that their number one concern has been nightshade. In response to this, the IBC has been diligently working with the U of I to address this issue. She said that they are developing a plan to address this and will use funds either through the endowment or with grant funding.

Budget Summary for 2013:

- Revenue, including 2013 reserve was \$629,268, and is down this year due to less bean acres planted, however, she expects them to be up again in 2014.
- Total expenditures were \$178,809.
- Grant expenditures were \$98,734 which are the Specialty Crop Block Grants.
- Estimated reserve for 2014 is \$450,459. They would like to use most of this to start the endowment. Their goal is to have 12-18 months in reserves.

Ms. Menasco said they have decreased the industry partnerships in 2014 because they withdrew from the U.S. Dry Bean Council (dues were over \$25,000/year). They will now use this money towards research and promotion.

Ms. Menasco briefly talked about the Specialty Crop Block Grants that include:

- 2011 Specialty Crop Block Grant for \$121,925. This was used to develop a yellow bean variety with better disease resistance for Mexico and U.S. markets. It has become very popular in Idaho and can be used in place of any other bean. It cooks quicker, has a soft skin, and a sweeter flavor. This is not a transgenic bean and developed using traditional methods.
- 2012 Specialty Crop Block Grant for \$28,180 was used on trials of pinto beans and black beans in Mexico and had mixed results.
- 2013 Specialty Crop Block Grants will include fertilizer trials, something the growers have been seeking help with.

Ms. Menasco finished by saying that the future activities of the IBC will include:

- Support the development of the Regional Bean Research Consortium.
- Continue to pursue grant funding that includes the Specialty Crop Block Grants for nightshade control, and the Emerging Market Program Grant - depending on the Dominican Republic trade missions.
- Establish an endowment with the U of I, guided by a new Committee made up of the IBC and the U of I faculty. She said in order to fund the endowment they will be asking for an increase in their assessment of up to \$.24 per hundredweight. It is currently \$.12 per hundredweight, so they would like to raise it for a short time to fund the endowment and then drop it back down to \$.16 or \$.18. The assessment has not been raised since 1992. To gain the purchasing power they had back then, they would ideally need to raise it to \$.20. They will conduct another grower survey prior to the increase in order to ensure they have industry support.

She stood for questions.

PRESENTATION: **Chairman Bair** introduced **Traci Bracco**, Executive Director of the Idaho Beef Council (Council), who stated that it is the mission of the Council to build the consumer demand for beef and increase the opportunity for producer profitability. FY 2013 was an exciting year, because they educated, informed and excited more consumers than ever before about beef. She said their budget and programs are overseen by the eight-member board of directors, who are nominated by their respective organizations, and appointed by the Governor for a three-year term. The Council is audited annually to insure all the checkoff dollars are not misused and that their financials are in order and are also audited every three years by the Cattlemen's Beef Board.

Ms. Bracco said that Idaho is one of ten states that has an enhanced beef checkoff. The beef checkoff is \$1.50 per head; the first dollar collected per transaction is done under the Beef Promotion Act and Order, which is part of the 1985 Farm Bill. The additional \$.50 collected is per the state code that went into effect on July 2009. This additional \$.50 has made a big difference in their ability to run their programs and activities. The FY 2013 revenue collected was \$2.3 million, up about 5 percent from the previous year. She said that FY 2014 is trending to be "flat" and expected to be in the \$2.2 to \$2.3 million range.

Checkoff Dollars are used for:

- Promotion
- Research
- Consumer Information
- Industry Information
- Foreign Marketing
- Producer Communication Activities

By law, checkoff dollars can not be used for government policy or lobbying.

She said there are many factors that go into the programs and activities needed to increase demand and producer profit. She said "it is much like a jigsaw puzzle" with numerous pieces that need to come together. They include:

- Raise awareness;
- Compel consumers to choose beef;
- Advocate beef to thought leaders and influencers;
- Protect and defend the image;
- Build the scientific foundation to promote a healthy diet;
- Stimulate trial and consumption;
- Champion beef's value and versatility on restaurant menus;
- Conduct research to improve the safety and quality of beef; and
- Develop new products.

She said there are many audiences to reach: consumers, health professionals, media, educators, chefs, retail and food service partners. In order to reach their audiences, they have developed a strategic market plan with multiple touch points, which she said, is an effective use of the checkoff dollars. Some of the highlights of this plan include:

- Advertising and Media. They reached 700,000 Idahoans using radio and TV ads, outdoor billboards, online, social media, and print. They also do monthly pushes to the print and TV media with recipes and pitch ideas.
- Promotions and Events. Checkoff dollars helped bring the great taste of beef and information about the beef industry to over 209,000 Idahoans via consumer events and funded programs. There are currently more than 50 events put on annually.
- The Council ran 14 retail and food service programs that were successful in increasing growth.
- Educated 23,000 future beef shoppers through the "Beef in the Classroom" reimbursement program and the "Cattle are Amazing" drawing program.
- They promoted beef's nutritional value to close to 25,000 health professionals. They are present at the medical conferences, place advertorials about the latest beef research into medical magazines and publications, and provide nationally recognized keynote speakers at medical conventions and at the local hospital seminars.

Of the \$1.50 collected, \$.76 is kept in the State. By law, \$.50 is sent to the Cattlemen's Beef Board for investment in national level programs, and if they choose, they can voluntarily invest more dollars on a national and international level. They invest funding by marketing outside the State in:

- National Program Investment. \$64,000 was spent on the National Cattlemen's Beef Association to secure 3 board seats and \$178,000 went towards national level advertising, retail programs, research and crisis management.
- Federation Fund. \$50,000 was spent on marketing specifically for high population states. This can have a profound impact on beef sales.
- U.S. Meat Export Federation. \$130,000 was invested to increase the amount of beef overseas. \$25,000 was used, along with the Oregon and Washington Beef Councils, to leverage the checkoff funds to promote beef in Japan. The age limit increase to under 30 months meant that 95 percent of the cattle in the Pacific Northwest would qualify. Their combined total was leveraged and matched by Japanese retailers to do a promotion and introduce U.S. beef to Japan.

She finished by saying they have another busy year planned. There are some challenges they will be facing with rising beef prices and shrinking herds. Right now, they have the smallest herd size since the 1950s, so demand and supply is an issue. Their greatest concern is that beef does not become a "luxury" item with the continuing price increases. They are developing new strategic marketing by geo-targeting consumers through social media sites and by using digital media. She stood for questions.

ADJOURNED: **Chairman Bair** adjourned the meeting at 9:06 a.m.

Senator Bair
Chair

Denise McNeil
Secretary

AMENDED AGENDA #1
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Thursday, February 27, 2014

SUBJECT	DESCRIPTION	PRESENTER
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PRESENTATIONS:

Immigration Reform Update

Brent Olmstead, Idaho
Business Coalition for
Immigration Reform

Apple, Cherry and Onion Commission Annual
Reports

Candi Fitch,
Idaho-Eastern Oregon
Onion Committee
and Idaho-Oregon
Fruit & Vegetable
Association, Inc.

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Bair
Vice Chairman Guthrie
Sen Brackett
Sen Tippetts
Sen Rice

Sen Nonini
Sen Patrick
Sen Buckner-Webb
Sen Ward-Engelking

COMMITTEE SECRETARY

Denise McNeil
Room: WW31
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MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, February 27, 2014

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippetts, Patrick and Ward-Engelking

ABSENT/ EXCUSED: Senators Rice, Nonini and Buckner-Webb

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Bair** called the meeting to order at 8:03 a.m.

PRESENTATION: **Chairman Bair** introduced Brent Olmstead, representing the Idaho Business Coalition for Immigration Reform (Coalition). **Mr. Olmstead** gave a brief status report on immigration reform in Idaho. The coalition was founded in 2008, due mainly to the raids being done by the U.S. Immigration and Customs Enforcement (ICE) in the Magic Valley. These raids created a number of problems for the employers because many of the workers were not showing up for work out of fear of being caught. They have been working to find ways to make the worker programs better for both parties. Membership includes the J. R. Simplot Company and Melaleuca. They have been working with many national immigration groups including: Immigration Works; Bibles, Badges, and Business; and the National Immigration Forum.

Mr. Olmstead said people like to come to the U.S. because they can earn more money here and especially since the average wage here is seven times more than in their country. They send money home so they can make a better life for their families. One of the slides showed a copy of an "Immigration Roadmap" which was designed to "help" a person understand the process of getting a green card. This process is almost impossible to follow or to understand, and could end up costing thousands of dollars to hire an attorney just to have it explained.

He said many of the farmers here in Idaho use the H-2A Visa program for seasonal agricultural workers. This program was created to provide an adequate workforce for their use. **Mr. Olmstead** said the paperwork is so daunting, that most farmers use a labor management group for help with the program. Many times the quotas are too low, certifications come too late in the growing season, and there is no system for nonseasonal labor.

Currently, employers can use the E-Verify (electronic verification) system set up by the federal government to determine if the employee is legal. One of the downfalls of this program is that the worker must be hired before this system can be used. If the employee is legal, the hire is legal. If the employee is not legal, the employer must fire the worker. However, the worker can appeal this action (has up to 14 business days), and during that time, the employer must continue to train him, give him benefits and time-off to meet with a lawyer. At the end of the appeal process, if the worker is still considered not legal, the employer will need to fire them "again". **Mr. Olmstead** said that this puts the employer back to "square one", leaving him to go through the hiring process again.

Mr. Olmstead said they are now using biometrics (a process that is used to identify people based on physical traits) for all green card holders and guest workers. Fingerprinting will be used for criminal background checks on all people coming and going. These approvals currently come from DHS and/or the FBI.

He updated the Committee on what was happening on a national level and said that the U.S. Senate passed a bill last summer dealing with immigration reform. The "three legged stool" components are:

- **Legalization.** This would require a person to admit they are here illegally, have a background check done, pay any back taxes due, pay a fine (\$1,500), be employed above the poverty level, and learn English. This is not the same as citizenship, but being able to legally work here.
- **Legal Immigration.** This changes the process of obtaining green cards and gets rid of the country of origin quota and exemptions. This is a more straight forward process. It will be a two tiered system dealing with both labor and families. This makes it easier for someone who is here legally, to bring their family along. Guest worker visas for low and high skilled occupations (manual labor and tech industry) will be increased.
- **Enforcement.** They have doubled the enforcement on the border to 40,000 patrolmen, six times larger than in 1990. They will have mandatory E-Verify and will be required to carry a National ID card. They will have a biometric entry and exit system. They will also conscript local law enforcement into enforcing laws.

The U.S. House of Representatives has not passed a bill. He said Speaker Boehner wants to do multiple bills (3-7 bills) focusing on three major components:

- **Security.** Must have a secure border, or no other parts would go into effect if this is not done. It requires all sections of the law be enforced. There will be zero tolerance for future illegals, and if caught, they will be deported. They will use a biometric entry and exit system.
- **Visa Reform.** This would be a realistic temporary worker plan that helps secure the borders and grow the economy. No details regarding the numbers that will be allowed.
- **Unauthorized immigrants.** Figures show that to deport 300,000 people, the cost was \$1 billion. Right now, there is close to 11 million people, so this would be impossible to deport them all. This prohibits a special path to citizenship. This would require the worker to admit to breaking the law, they must be able to support themselves and their families without receiving any benefits, forbids gang members from participation (stop going after the workers trying to make a living), and they must reach certain milestones before legalization can occur.

Mr. Olmstead finished his presentation with quotes from President Obama, U.S. Speaker Boehner and former President Reagan. He stood for questions.

Responding to a couple of questions regarding the sheep worker's Visa. **Mr. Olmstead** said the wool growers have a special program which allows workers a three year visa. The Department of Labor (DOL) determines the wages. They have been experiencing some problems with these workers leaving the job illegally and taking work somewhere else.

Senator Tippetts asked about the National ID card and who would be required to carry it. **Mr. Olmstead** said it is only for the immigrants (not U.S. citizens) and would identify them as being part of the guest worker program.

Senator Patrick commented that in his business he use H-2A workers, and he agreed with Mr. Olmstead, that the process is very complicated. He said he starts the process two months before the workers are needed. He is required to provide OSHA inspected housing. The Departments of Labor for both Idaho and the U.S. are involved and conduct inspections to ensure that the workers are being paid the required minimum wage (his is \$10) for this program. He said he applauded the work the Coalition is doing and said a worker program is very much needed. Agribusiness will always need workers. **Mr. Olmstead** agreed.

PRESENTATION: **Chairman Bair** introduced Candi Fitch, Executive Director for the Idaho Apple Commission (IAC), Idaho Cherry Commission (ICC) , Idaho East Oregon Onion Committee, and the Idaho Fruit and Vegetable Association, who presented the financial accounting for 2013 and the budget for 2014

Ms. Fitch began with the IAC update and said that this has been a tough year for Idaho apples due to the crop damage, a decrease in production, and a spring frost. She said the amount of acreage being planted has stabilized and newer varieties are being planted on the trellis strips which have replaced some older orchards. High density planting can have over 1,000 trees per acre, utilizing the drip irrigation system. The market for 2013 ranged from above average to average, with substantial product in the Midwest and the East. The expectations for 2014 are high but there is the ongoing concern about the water situation.

She said the largest percent of the Commission budget goes to research. They received three Specialty Crop Block Grants:

- In 2009 they received \$93,000 with a \$20,000 cash match that was used for increasing fruit quality and global competitiveness of the Idaho apple through efficient use of water, nutrition and orchard design.
- In 2011, they received \$104,388 with \$35,492 in-kind donations that was used for maximizing production and fruit quality and optimizing mineral nutrients in the Fuji apple, using new rootstocks and orchard architecture in Idaho.
- In 2013 they received \$106,491 with \$84,207 matching that will be used for the search for sustainable rootstocks to improve yield efficiency, precocity, mineral nutrient uptake, and fruit quality of apples in Idaho.

She said the grant process has changed and the money is now only available after it has been spent.

Ms. Fitch said that in 2010, they received funding for the "Cool School Cafe" program. With the money left from the grant, they also worked with Chef Brenda Thompson, a registered dietician and chef from the Department of Education. She developed three recipes that include the "Nutrikid" format for foodservice recipes for the schools. **Ms. Fitch** said they provided packets with the recipes and sources for the apples to all the schools in Idaho.

The IAC has participated in Buy Idaho at the Capitol, at various county fairs, the Ag Pavilion and the U of I Pomology Program Annual Field Day. They donate apples to the FFA Farm Expo at Meridian High School, the Women's Fitness Celebration-Fit One, and the FFA Farm Safety Day at the Parma R & E Center.

Ms. Fitch next presented the annual accounting for the ICC. She said that according to the Northwest Cherry Growers Association, the 2013 crop was down 37 percent (1.4 million boxes) compared to the 22.5 million boxes from 2012. Most of the cherries are grown in the Northwest (Idaho, Oregon, Washington, Utah and Montana), with Idaho producing the least. Cherry production in Idaho over the past 5 years averaged about 1,400 tons. In 2013, the crop was 58 percent less than 2012 (1,813 tons). Due to the rain, only 749 tons were collected. The majority of the cherries grown in Idaho are from Canyon County. The Commission sends 10 cents per ton to the Northwest Cherry Growers Association's Stone Fruit Committee, to help with research.

Ms. Fitch also gave a brief update of the Idaho-Oregon Fruit and Vegetable Association that was established in 1962, and represents the onion, apple and cherry shippers. They are a member of the Idaho Business Coalition for Immigration Reform, Food Producers of Idaho, Western Growers Association, National Coalition of Agriculture Employers and Ag in the Classroom. The ICC has also worked with the Treasure Valley Agriculture Coalition. She said she has spent a great deal of time working on the Food Safety Modernization Act (FSMA), and sat on several committees drafting comments and questions for submission.

Next **Ms. Fitch** gave an update on the Idaho-East Oregon Onion Committee, which is governed under Federal Marketing Order #958. Every truckload leaving the valley must be federal-state inspected to meet a minimum size and grade standard. Those onions that do not meet the standards cannot be released into the fresh market, and can only be sent to food processors. They ship, on average, 32,000 truckloads (40,000 pounds per truckload) or about 1 billion pounds of onions per growing season. There is a mandatory assessment and the money collected is used for promotion, research and education. They participate in promotions and put on the grill-off contest at the Boise State University (BSU) home games. They have a long-standing alliance with Weber Grills who helps with the contest. She said they just completed a domestic trade mission to Chicago where they partnered with the Idaho Potato Commission and the ISDA. They had chef competitions, and they all visited the Weber Grill kitchen.

Chairman Bair asked for clarification of Federal Marketing Order #958. **Ms. Fitch** said it is administered through the USDA, and is not just for grading of onions, it is a federal level marketing order that allows for promotion, research and education on a national level.

Senator Patrick asked if the marketing order limits the amount that a grower can sell in the market. **Ms. Fitch** said it does not limit crop size, and it is not only for promotion, but has the compliance component as well regarding the minimum size and grade that must be met. **Senator Patrick** commented on the huge fluctuations in price. **Ms. Fitch** said she does not deal with pricing, but she agreed the pricing is very volatile, almost like gambling.

ADJOURNED: **Chairman Bair** adjourned the meeting at 8:56 a.m.

Senator Bair
Chair

Denise McNeil
Secretary

AMENDED AGENDA #1
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Tuesday, March 04, 2014

SUBJECT	DESCRIPTION	PRESENTER
<u>RS23059</u>	Relating to the Commodity Warehouse Fund and the Seed Indemnity Fund. Unanimous Consent to send to the State Affairs Committee to be printed.	Chairman Bair
<u>S 1338</u>	Relating to Dairy Products	Bob Naerebaout, Executive Director of the Idaho Dairymen's Association
<u>S 1376</u>	Relating to the Dairy Environmental Control Act	Bob Naerebaout, Executive Director of the Idaho Dairymen's Association
<u>H 495</u>	Relating to the Dairy Products Commission	Bob Naerebaout, Executive Director of the Idaho Dairymen's Association

PRESENTATIONS:

Idaho Alfalfa and Clover Seed Growers Commission	Leland Tiegs and Rick Waitley
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If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Bair	Sen Nonini
Vice Chairman Guthrie	Sen Patrick
Sen Brackett	Sen Buckner-Webb
Sen Tippetts	Sen Ward-Engelking
Sen Rice	

COMMITTEE SECRETARY

Denise McNeil
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MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Tuesday, March 04, 2014

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippetts, Rice, Nonini, Patrick, Buckner-Webb and Ward-Engelking

**ABSENT/
EXCUSED:** None

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Bair** called the meeting together at 8:02 a.m.

RS 23059 **Chairman Bair** presented **RS 23059** and said the proposed legislation would allow the advisory committees of the Commodity Warehouse Fund and the Seed Indemnity Fund to receive staff reports and pertinent documents in order to provide written advisory comments to the Director of the Department of Agriculture for making decisions for claim settlements to farmers.

UNANIMOUS CONSENT: **Chairman Bair** asked the Committee for unanimous consent to send **RS 23059** to the State Affairs Committee to print. There were no objections.

S 1338 **Chairman Bair** introduced Bob Naerebout, Executive Director of the Idaho Dairymen's Association who presented **S 1338**. **Mr. Naerebout** said that the purposed legislation was to repeal statutory provisions that are antiquated, unnecessary or are comprehensively addressed by the Department of Agriculture's rules and to combine into one chapter the statutory provisions in Chapters 3 and 4 of Title 37 that relate to minimum standards for dairy product sanitary condition, quality, identity, classification and grade. He reminded the Committee that this legislation was originally presented in **S 1299**, but it was determined that this was actually two bills and should be split. This represents one part and the other part will be presented in **S 1376**.

Mr. Naerebout said the intent is to eliminate language that is found in other places. This legislation does not change the sanitation standards nor does it add or take away any oversight from ISDA authority. He said that this industry is highly regulated by the Idaho State Department of Agriculture (ISDA), and through the U.S. Food and Drug Administration's (FDA) Pasteurized Milk Ordinance (PMO). The bill was crafted with the assistance of Brian Oakey, Deputy Director of ISDA and Marv Patten, Bureau Chief, Dairy/CAFO Bureau, ISDA. Since there are quite a few changes to the bill, **Mr. Naerebout** said he would yield to Dan Steenson from Sawtooth Law, and Brian Oakey to answer any questions.

Senator Patrick asked if there is a set minimum number of inspections. **Mr. Naerebout** responded that on average, dairies are inspected four times a year; some dairies could be inspected two times and some eight times. He said it is dependant on how they score on the inspection. If, during the inspection, it is determined there are things that need to be fixed, the dairy is generally given a certain amount of time to comply (immediately, if it impacts the quality of the milk).

Chairman Bair introduced Brian Oakey. **Mr. Oakey** said that this is industry led legislation. The ISDA was asked to help identify those certain provisions that were either redundant or antiquated. He said the ISDA is not advocating for this legislation. **Brian Oakey** addressed the question from Senator Patrick regarding inspections, and said that the minimum amount of inspections for dairies comes from the PMO, which has been incorporated into the ISDA rule that implements the sanitation program. This program requires a minimum of one inspection annually. Historically, more than one has been performed per year.

MOTION:

Senator Patrick made a motion to send **S 1338** to the floor with a **do pass** recommendation. **Senator Rice** seconded the motion. The motion carried by **voice vote**. Senator Patrick will carry the bill on the floor.

S 1376

Chairman Bair introduced Bob Naerebout, Executive Director of the Idaho Dairymen's Association who presented **S 1376**. **Mr. Naerebout** said this legislation will clearly define and outline the role of the Idaho Department of Environmental Quality (DEQ) and the ISDA in the oversight and enforcement of dairy operations as they pertain to the protection of the environment. He said it was necessary to recodify the provisions of the Dairy Environmental Control Act (Act) that were rescinded by **S 1338**. He said that the intent is to provide clarification on authority in implementing the National Pollutant Discharge Elimination System Permits (NPDES) and who has primacy. He said that this bill had input from both the ISDA and the DEQ.

Mr. Naerebout said the biggest change has to do with the penalty. Currently the ISDA has the right to take away the permit to ship milk if the dairy has an environmental or sanitation violation that impacts the health and quality of milk. The milk industry felt the penalty of pulling the permit to ship milk due to environmental issues was not in line with the other industries in the State and was changed to be similar to penalties the DEQ has set for those other industries. **Mr. Naerebout** said Dan Steenson, Brian Oakey, and Doug Conde from the DEQ are available, as well, to answer any questions. He stood for questions.

Senator Guthrie asked if by collecting the penalty where the violation occurred, would that county be obligated for any remediation or cleanup in the event of a default by the violator. **Mr. Naerebout** said the remediation consequences and responsibilities would be handled by the ISDA, unless it is off boundaries, then it would be up to the EPA, if they are involved, or the DEQ if the State receives primacy.

Senator Buckner-Webb asked if the bill restricts the DEQ from protecting surface and ground water from inside the dairy operation. **Mr. Naerebout** said there is no restriction. He said under the current State law, dairies are allowed zero discharge off the boundary line. This is actually more stringent than federal law. If there was an unauthorized discharge into a public lateral drain or irrigation ditch off property, then it becomes fully regulated by the EPA. He said in his opinion, the DEQ always has oversight of the Clean Water Act.

Senator Ward-Engleking asked about the nutrient management plan being a trade secret. Could he explain why it is not public information. **Mr. Naerebout** said that a state statute passed three or four years ago made the information in the nutrient management plan protected and not public. However, if a dairy had an unauthorized discharge and was required to get a NPDES permit by the EPA, then that information would be available to the public.

Senator Ward-Engleking said that if the State takes primacy, then wouldn't this be in violation. **Mr. Naerebout** said that the DEQ will establish what the NPDES permit will be for a Concentrated Animal Feeding Operation (CAFO). It will be at their discretion whether they open it up for public information. He thought it would more than likely be similar to that of the EPA. He said that not every dairy is required to get this permit. **Senator Ward-Engleking** said this primacy issue would probably take a couple of years to get going, and asked why they began this legislation now. **Mr. Naerebout** said the bill addresses both scenarios of with, or without, State primacy. He said it was done to be prepared for State primacy. As for the environment and the industry, he said that this legislation is stronger and better clarifies the roles.

Senator Ward-Engleking addressed her next question to Doug Conde and asked if the DEQ supports this bill. **Mr. Conde** responded that the DEQ provided comments and helped draft the bill. This bill will allow them the authority to implement a NPDES program if required. It clarifies the roles of the ISDA and the DEQ in terms of authority at the dairy farm boundary. DEQ's authority is not limited within the boundaries of the dairy farm; it just depends upon whether there is an unauthorized discharge of surface water. If this happens, then a NPDES permit will be required. He said that there is a definite role for the DEQ through the authority section of this proposed legislation. **Senator Ward-Engleking** asked what would happen if the DEQ did not have access to the source. **Mr. Conde** said that the ISDA is the primary agency to protect natural resources as it relates to the operation of the dairy farm. They review and approve all engineering plans and specs for the dairy waste systems, and oversee all nutrient management plans as required. There is a provision in the bill prohibiting an unauthorized discharge to ground or surface water. If there is a discharge to ground water and the pollution migrates off the boundaries of the dairy farm, this bill allows the DEQ to use its authority at its discretion (with the ISDA) to address the contamination.

Chairman Bair introduced Sarah Arkle, Idaho Conservation League (League), who spoke in opposition to the bill. **Ms. Arkle** said she had two main concerns:

- The nutrient management programs being considered trade secrets and not available to the public. She said the people deserve to know the potential pollution sources.
- The "Safe Harbor" provision would shield bad practices and limit existing clean water protection and the ability of the State to enforce those protections.

She said that nitrate pollution is on the rise, especially in the Eastern Snake River Plain and the dairy industry is one of the larger contamination sources of nitrates in ground water. She felt this legislation would limit the protection to water sources. She felt it was in direct conflict with the Clean Water Act.

Senator Patrick asked her if she thought the ISDA was not managing the program. He asked her if she thought the public could be better managers. **Ms. Arkle** responded that the public needs to be able to have access to the information in the event of a water pollution issue so that they can find appropriate solutions together with the industry. **Senator Patrick** asked her why she did not trust the ISDA. **Ms. Arkle** said that the concern is that nitrate contamination is continuing to increase.

Senator Rice asked her for the sources of the scientific studies she referred to. **Ms. Arkle** said the DEQ has identified the potential sources for this contamination and suggested that Mr. Conde would be able to answer. According to the DEQ studies she has read, the sources include fertilizer, dairy industry and CAFO waste as well as septic tanks, potato and legume crops.

Senator Tippetts asked her to point out the significant changes in practice within those two provisions. **Ms. Arkle** responded that the nutrient management plans that are protected is a direct violation to federal clean water laws, and she felt this legislation would embolden and strengthen that protection. She said that the "safe harbor" language was more confusing and wanted the DEQ to answer that question, as it appears to be too vague to determine who would have authority to determine compliance. **Senator Tippetts** asked Ms. Arkle to explain if she thought this was a change from current practice or is it just a practice that she disagrees with. **Ms. Arkle** said that this new legislation would prohibit access to any information on the nutrient management plans.

Senator Buckner-Webb asked Mr. Conde what the rationale was for making a nutrient management plan a trade secret. **Mr. Conde** said that is a question best answered by the Dairymen's Association or the ISDA. **Senator Buckner-Webb** asked if the DEQ supports the bill. **Mr. Conde** responded yes.

Senator Tippetts asked for clarification on the "Safe Harbor" provision regarding the "in an event of imminent and substantial danger " and asked if this was a change in current practice. **Mr. Conde** responded no. DEQ has always had the authority under the Environmental Health Act. Idaho Code § 39-108, provides the authority to DEQ if there is a violation to seek injunctive relief if there is an imminent and substantial danger.

Senator Ward-Engelking said that this legislation was confusing, so she asked for an Attorney General opinion on the Clean Water Act (CWA). She read a statement from the opinion. "... if Idaho obtains CWA primacy and a dairy applies for an individual NPDES permit or for coverage under a general permit, the nutrient management plan would be public information." She said the bill seems to counter that. **Mr. Conde** said there is nothing in the bill that affects the ability to implement an NPDES program, and in the authority section the ISDA has the sole responsibility to protect surface water quality for those dairy farms that are not under, or required to be under, an NPDES permit. Those farms currently under this permit are governed by the EPA and their nutrient management plan is accessible to the public. The main change is that the State will issue those permits, not the EPA.

Mr. Naerebout gave his closing remarks. He said that the NPDES as it stands now is poorly written and many of the dairies will not apply for this permit for that reason. He said it would be impossible to be in compliance with it. He advises the dairymen to follow the State requirements. He addressed the rise in the nitrate level and said that his association has spent over \$1.3 million on environmental studies in the last 5 years not just identifying these problems but trying to solve them.

Chairman Bair asked for definition and meaning of "imminent and substantial danger" as it applies to the "Safe Harbor" provision. **Mr. Steenson** said these are existing terms under the code. He said the basic concept of this subsection is that if an extraordinary event takes place in a dairy that is in compliance, which occurs beyond the anticipation of both the dairy farm operator and the ISDA, that dairy should not be subject to immediate and ordinary enforcement actions or penalty.

MOTION:

Senator Rice made a motion to send **S 1376** to the floor with a **do pass** recommendation. **Senator Nonini** seconded the motion. The motion carried by **voice vote**. **Senators Buckner-Webb** and **Ward-Engelking** voted nay. Senator Rice will carry the bill on the floor.

H 495

Chairman Bair introduced **Bob Naerebout**, Executive Director of the Idaho Dairymen's Association, who presented **H 495** and said the proposed legislation will change the compensation provisions to a fixed amount of \$150 per day and fix the reimbursement for travel and necessary expenses for each day they shall be away from their place of residence while engaged in the business of their office. They struck the language "January 15th deadline" for reporting to the two committees as there is no fiscal impact to the General Fund, and this will allow them more time to prepare an audited report. He said they set the compensation at \$150, because there has been no raise since 1980, which had the compensation set at \$50. He stood for question.

MOTION:

Senator Guthrie made a motion to send **H 495** to the floor with a **do pass** recommendation. **Senator Brackett** seconded the motion. The motion carried by **voice vote**. Senator Guthrie will carry the bill on the floor.

PRESENTATION:

Chairman Bair introduced **Rick Waitley**, Food Producers of Idaho, who introduced Leland Tiegs, Chairman of the Idaho Alfalfa and Clover Seed Growers Commission (IACSC)

Highlights from **Mr. Tieg's** presentation are:

- The Idaho Alfalfa Clover Seed Commission represents growers in southwestern Idaho and the Magic Valley. In FY 2013, Idaho produced approximately 8.8 million pounds of alfalfa and clover seed, up from last year's 7.6 million pounds. The 2013 assessment for the seed was \$0.004 per pound. They are currently receiving assessment payment from ten seed dealers in Idaho or Eastern Oregon.
- Idaho is the third largest alfalfa seed producing state behind California and Washington State. It is considered a minor crop, however, it is the foundation of an alfalfa forage industry that ranks third nationally in planted acres behind corn and soybeans and is among the top five agricultural crops grown in the U.S.

In 2013, the IACSC funded two research/education projects:

- Treasure Valley and Pacific Northwest Pest Alert Network. IACSC funds of \$500 were combined with other resources to help fund their website whose objectives are: increasing timely communications about pest outbreaks within the agriculture industry in the Treasure Valley and southern Idaho; and providing growers with Integrated Pest Management (IMP) information they can use to make decisions regarding pest control.
- Idaho One Plan: Pesticide Applicator Reporting Program. The IACSC funds of \$750 were combined with other resources to help fund the program that helps farmers comply with the record keeping rules for restricted use pesticides and the Worker Protection Standards in an easy to use digital format.
- The IACSC actively participated in educational activities including the Food Producers of Idaho Ag Pavilion and the Western Idaho and Twin Falls county fairs, and supports the University of Idaho (U of I) Ag Econ Public Policy Tour. They provided bridge funding to assist the Idaho Alfalfa Clover Seed Growers with sponsorship of the Idaho Eastern Oregon Alfalfa and Clover Seed Winter School and Conference jointly sponsored by the U of I.

Mr. Tieg stood for questions.

ADJOURNED:

Chairman Bair adjourned the meeting at 9:27 a.m.

Senator Bair
Chair

Denise McNeil
Secretary

AGENDA
SENATE AGRICULTURAL AFFAIRS COMMITTEE
8:00 A.M.
Room WW53
Thursday, March 06, 2014

SUBJECT	DESCRIPTION	PRESENTER
MINUTES:	February 11, 2014	Chairman Bair
S 1392	Relating to Advisory Committees of the Warehouse Commodity and Seed Indemnity Funds	Chairman Bair

If you have written testimony, please provide a copy of it to the committee secretary to ensure accuracy of records.

COMMITTEE MEMBERS

Chairman Bair
Vice Chairman Guthrie
Sen Brackett
Sen Tippetts
Sen Rice

Sen Nonini
Sen Patrick
Sen Buckner-Webb
Sen Ward-Engelking

COMMITTEE SECRETARY

Denise McNeil
Room: WW31
Phone: 332-1330
email: sagri@senate.idaho.gov

MINUTES
SENATE AGRICULTURAL AFFAIRS COMMITTEE

DATE: Thursday, March 06, 2014

TIME: 8:00 A.M.

PLACE: Room WW53

MEMBERS PRESENT: Chairman Bair, Vice Chairman Guthrie, Senators Brackett, Tippets, Rice, Patrick and Ward-Engelking

ABSENT/ EXCUSED: Senators Nonini and Buckner-Webb

NOTE: The sign-in sheet, testimonies and other related materials will be retained with the minutes in the committee's office until the end of the session and will then be located on file with the minutes in the Legislative Services Library.

CONVENED: **Chairman Bair** called the meeting to order at 8:02 a.m.

MINUTES: The Minutes from February 11, 2014 and February 13, 2014 were introduced to the Committee for approval.

MOTION: **Senator Rice** made a motion to adopt the Minutes from February 11, 2014. **Senator Guthrie** seconded the motion. The motion passed by **voice vote**.

MOTION: **Senator Ward-Engelking** made a motion to adopt the Minutes from February 13, 2014. **Senator Tippets** seconded the motion. The motion passed by **voice vote**.

PASSED THE GAVEL: **Chairman Bair** passed the gavel to **Vice Chairman Guthrie**.

S 1392 **Vice Chairman Guthrie** introduced Chairman Bair to present **S 1392**. **Chairman Bair** said that this proposed legislation will make sure that the advisory committees of the Commodity Warehouse and Seed Indemnity Funds will receive a staff report and the pertinent documents and information necessary to be able to make a recommendation to the Director of the ISDA for any claims that have been filed.

Chairman Bair said that the indemnity funds were created around thirty years ago, and Representative Jones was instrumental in passing the Commodity Warehouse Fund and then later the Seed Indemnity Fund legislation. He explained about the process and why the funds were created. He said they were designed almost like an insurance policy and ensured that the farmers could be reimbursed for the majority of the crop that was delivered to the warehouse and never paid for.

When this happens, the farmer files a claim with the Director of the ISDA (Director), who then gathers the information and evidence to make a determination of the validity of the claim. The Director will then determine if there will be a payout and how much will be paid upon the recommendation of the advisory committee.

Chairman Bair said the advisory committees are responsible for keeping the funds healthy (currently the funds have close to \$12 million). This is not General Fund dollars, but comes from producer taxes accessed on their crops. They also review the claim documentation and the Director's decision, and give advice on that decision. Historically, these committees were given all the documentation the Director used to make the decision (warehouse receipts, scale tickets, bank statements) and any background information that would help the committee make their decision.

Recently, the committees have been told that they would only be receiving a summary, even with some names redacted. The committees felt, in order to make a good advisory recommendations to the director, more information was needed. He stood for questions.

Senator Rice asked if the language is broad enough to cover all the documentation that is required by the advisory committees. **Chairman Bair** answered that both the advisory committees and the ISDA believe that the language in Section 22-5125 (2) provides for this.

Senator Tippetts asked why the practice has changed over the years and was there some reluctance with the ISDA to provide this documentation to the advisory committees. **Chairman Bair** answered that it stems from Chobani and trade secrets. The ISDA decided that some of the information should not be given to the advisory committees because of the confidential nature of trade secrets, production records, practices, checking account information and social security numbers. Chairman Bair and Representative Batt met with Clive Strong, Deputy Attorney General, who provided an Attorney General's opinion on this situation. According to his understanding, the advisory committees are ISDA employees and are entitled to any information that any employee would be entitled to. In turn, the advisory committees' members have a responsibility of confidentiality and the information that is heard in the meetings and discussions are not public knowledge and need to be kept private.

Senator Tippetts asked if the Director may have decided against forwarding the information because it was not used in their decision, and therefore they did not think it relevant. **Chairman Bair** said they did discuss this issue and they were concerned because the information that is discussed needs to be factually based. The ISDA prepares the documents that lead to a decision that will become part of an evidentiary situation (most decisions are appealed). They are trying to make a "case" and the information that is shared by committee members needs to be factual.

Vice Chairman Guthrie introduced the following who spoke in support of the bill:

- Benjamin Kelly, Executive Director of the Idaho Alfalfa and Clover Seed Growers Association
- Travis Jones, Executive Director of the Idaho Grain Producers Association
- Rich Durant, Farmer - Member of Advisory Committee
- Mike Nichols, Farmer - Member of Advisory Committee
- Russ Senter, Farmer - Member of Advisory Committee
- Dennis Tanikuni, Assistant Director, Idaho Farm Bureau Federation-Boise

MOTION:

Senator Patrick moved to send **S 1392** to the floor with a **do pass** recommendation. **Senator Rice** seconded the motion. The motion carried by **voice vote**. Chairman Bair will carry the bill on the Senate floor.

**PASSED THE
GAVEL:**

Vice Chairman Guthrie passed the gavel back to **Chairman Bair**.

**PAGE
PRESENTATION:**

Chairman Bair presented the Committee Page, Aleigh Allred, with a gift. She gave a small speech and thanked the Committee for the opportunity to serve.

ADJOURNED:

Chairman Bair thanked the Committee for all their hard work this session and adjourned the meeting at 8:41 a.m.

Senator Bair
Chair

Denise McNeil
Secretary